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THE ENGLISH ESSAY:—ITS DEVELOPMENT, AND SOME OF ITS PERFECTED TYPES.*

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Among the many surprising things which come to the notice of the student of Literature, not the least surprising, surely, is the fact of the very late development and ripening of its prose types. Prose is what all men speak and write. The actual written product of prose must be to the product of verse as a thousand to one, or even in higher proportion than that. Yet in spite of this constant emphasis of use and practice, in nearly all the great literatures whose developments we can trace, prose is the last to reach literary excellence. How long, for example, did the poetry of Homer wait for its fitting counterpart in the prose of Plato's Dialogues? How long was it after the sweet music of English verse was heard in Chaucer before the first answering note of a literary prose was sounded in Bacon's Essays. And how long was it again after Bacon, before an Addison was found to continue the strain? The reasons which underlie these facts do not specially concern us here, but chief among them, doubtless, is the feeling that prose is the common drudge 'tween man and man,—the servant of all work. And when the thoughts of man prompt him

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to exquisite expression, he turns elsewhere to find some exquisite form, which carries distinction visibly written upon its face. Not until late does he discover that in prose he has all along had at hand a real Cinderella, serving in homely and menial duties, but capable too of glorious transformation.

Of perfected types of literary art—what constitutes them, and how they come to be—I have spoken elsewhere, and need not traverse that ground again. Of such perfected prose-types English literature has produced three, and I think but three:—the Oration, the Novel, and the Essay. Of these three, the Oration is the least important type to the student of our literary development, both because it is a less original type—has been far more dominated by the ancient masters and models,—and because the record of English oratory is so extremely fragmentary and obscure. Partly because of the prejudice of the English Parliament against any report of what was said during its sessions, and partly because of the intensely practical aim of English orators—who in general are satisfied with the immediate effect, and are not concerned to write out and preserve their efforts, as did the orators of Greece and Rome,—it has come about that our actual acquaintance with English oratory dates no further back than Burke. Of Chatham's fiery eloquence we have nothing but broken echoes;—and all before his time is but tradition. A single century, then, is all we know of English oratory, and already we are told on every hand that the art and the opportunity of eloquence are passing away.

As for the Novel, in England it has had two distinct periods of outflowering:—the one a hundred and fifty years ago, and the other within our own century, and lasting to a time well within our own remembrance. The types of these two harvests are quite distinct, and the more modern prose-fiction, again, has developed two distinct forms,—the novel proper, and the short story. Each of these has been

brought quite up to the standard of fine art. In each we have examples of work that will endure.

The Essay remains. To sketch its rise and to define its finished types is the purpose of this paper. To do this, however, with anything like clearness, one must needs go back to its remote sources, its early antetypes, the literary forms which suggested it, and out of which it grew. And for these, of course, we must look to the literatures of Greece and Rome. Taking the prose of these so-called classic tongues broadly, we are struck by the predominance of what may be characterized as personal forms of discourse—of speech shaped and framed as if for personal address. Oratory, for example, was probably their earliest finished type of prose, as, indeed, it would seem to be in most literatures. But their oratory was far more personal in form—was more constantly an appeal to the actual listeners—was direct and single in its aim; while ours by contrast, is far more abstract, impersonal, and general;—is primarily an exposition rather than an appeal, or often is even an entertainment suitable for indefinite repetition before successive audiences.

But this personal element, this dominance of the idea of personal address, is almost equally visible in other departments of ancient prose. Take History for example, which stands in near relation to Oratory. History like that of Herodotus is admirable story-telling, and presupposes, for its full effectiveness, an actual listening audience in scarcely less degree than does an oration of Demosthenes. And even those ancient histories which are more generalized—like Livy's—show continually the same tendency in their introduction of long set speeches which, of course, were never actually delivered. To my thought it is no true or sufficient explanation of this constant feature of the old histories to say that the writers were merely romancing or were deliberately falsifying. In the typical case of this sort it will be found that the hero of the narrative stands at the parting of the ways before some fateful decision. His

speech reviews the situation, the possibilities of action, and gives the grounds for his final choice. Would it not then be more reasonable to say that all that investigation into the motives and grounds of action which our modern historians regularly present in abstract and impersonal form, the ancients preferred to present dramatically, and in forms of personal speech;—in other words, that the thing was merely a literary device of presentation, and was understood to be such? It may be remarked in passing that Carlyle, in his abhorrence of "motive-grinding," has hit upon the very same means of avoiding it—the invention of talk which certainly was never uttered in the form and manner announced; and yet no one mistakes Carlyle's intention.

This personal cast of expression appears in yet stronger contrast with the impersonal and abstract nature of the thought in the one other type of ancient prose of which I shall speak; namely the Dialogue. In ancient literature the Dialogue occupied a place not very different from that occupied by some forms of the Essay in modern literature. Its themes were, in fact, identical with those of the philosophical, or ethical, essay, as we now know it. And in the essential nature of the treatment,—in an artful discursiveness which covers real singleness of aim, in urbanity of tone and lightness of touch, in a sort of "wanton heed and giddy cunning," in originality of view, and in the piquancy or even whimsicality with which serious thought is invested, the Dialogue and the Essay have much in common. But in form of presentation the two are almost diametrically opposed. In the case of the Dialogue there is a leisurely and stately formality. The curtain rises on a little conventional drama. There is a meeting of friends, a ceremonial of greeting and conversation as stately and statuesque as that of a minuet. The writer himself, however, *in propria persona*, is not a member of the group. After brief remarks on current events, or on the charm of landscape or sky, the conversation drifts toward, and

finally reaches the real theme. Presently, yielding to the solicitation of his friends, or in reply to opposing views, the chief speaker is fairly launched upon its discussion. An occasional remark from one or another serves for a while to keep the dramatic fiction in mind, and, perhaps, incidentally to furnish that element of resistance without which it would seem that the wings of philosophic thought are powerless to soar. But, as the chief speaker goes on, the dramatic fiction is allowed to drop more and more out of sight, dialogue merges more and more into monologue, and the audience might be no more remembered at all were it not for a subdued murmur of assent just as the curtain falls. With all this leisurely dignity and reserve compare the assured and often jaunty egotism of the modern essay-writer, his abhorrence of formality and convention, his utterance of his thought to "all whom it may concern," his directness, his familiarity, his frank interest in himself,—and one feels at once the greatness of the gap which separates the older time from our own.

I have spoken of the Dialogue somewhat at length, not merely because it was, as it seems to me, the genuine analogue of the modern Essay,—the form in which the ancients found exquisite expression for an order of thoughts which now finds expression in the Essay,—but because in the later literature of Greece and Rome, through gradual neglect of the formalities and conventions of the Dialogue, we come here and there upon writings which in many ways resemble the modern Essay. Such are Plutarch's Lives, and especially his Morals, and some of the writings of Seneca. But in spite of the surpassing value of Plutarch's content and its profound interest for all later times, in spite of any advantage his expression may have through its directness and clearness, there seems in him, when compared with such masters as Plato or Cicero, a distinct lack of literary quality. His work has not the aroma and charm of pure literature. Thus unto Plutarch, at the end of the old-world order, it was not given to achieve a new literary form. Achievement

under such conditions was impossible, and would have been of no avail. But something perhaps better than achievement was granted him;—not merely to point out the road by which an age far distant should enter in and achieve; but most powerfully to dominate and inspire the men who should achieve—Montaigne, Bacon, Addison.

With Plutarch we take leave of the ancient world, already decrepit and outworn, and we enter upon the long period of confusion which painfully ushered in the new. Between Plutarch and the men we have just named there is almost nothing to be found which bears upon the development we are considering, so far at least as form is concerned. Old forms and modes could not long survive the wreck of the social system under which they grew up; and before newer forms could be, the very materials for them must be made; the languages for future literatures were yet to be mined and smelted from barbaric ore. On the side of thought, however, the period is rich in suggestions of what was to be. First of all may be noticed an element of subjectivity utterly foreign, and even abhorrent, to the thought of the Greek and Roman world. Men found their own inward experiences to be matters of absorbing interest to themselves, and frankly assumed that they must be so to others as well. They took therefore the whole world into their confidence, and without the least thought of impropriety or blame, uncovered the inmost recesses of heart and life that all might see. In the *Confessions* of St. Augustine, the *Meditations* of Marcus Aurelius, and the *Imitation of Christ*, this trait of the newer world is no less strikingly exhibited than it is in *De Quincey* or *Charles Lamb*.

In close connection with this new trend of thought may be traced a profound stir of the heart and the imagination, revealing itself in that quickened sympathy, that deeper pathos, that heightened sense of awe and sublimity, that fascination of mystery and romance, that boundless yearning and aspiration which have enriched us with a whole new world of life and interest, as strange to the limited and

ordered beauty within which Greek genius played, as was the new world of Columbus to the courtly and cloistered life of the Europe of his day. This, like the other, at the point where first we detect it, was doubtless a flame caught from Hebrew altars. But the fuel for it was at hand in the breasts of the northern barbarians; and in these a kindred fire was already smoldering, and needed but this touch to kindle it into flame. We need not look for literary expression of these things until literary expression was possible—until the *Divina Commedia*—but their lines are graven deep on all the life of the Middle Ages. The voyages of the Vikings, the contagious enthusiasm of the Crusades, the passionate self-renunciation of St. Francis, the institution of chivalry, the splendid dream of the Holy Roman Empire, the legends of Charlemagne and Arthur, the very lines and traceries of the Gothic cathedrals, show their presence and power as unmistakably as do Shakespeare or Scott or Victor Hugo. The *Dies Iræ* is surprisingly near of kin to the Vision of Sudden Death.

One other element, conspicuous in modern literature—and conspicuous especially in the modern essay—remains to be noticed. I mean the element of Humor. The term is often so vaguely used as to convey no definite meaning. But it should be distinguished sharply on the one side from Wit, whose point lies wholly in the form of expression, and on the other, from those various objective aspects of the Ludicrous which we may call the Comic. Wit is untranslatable into another language, and the comic is at once wrecked by any attempt at explaining it. But humor is much broader than these; it passes current wherever the underlying thought itself can be understood. Unlike these others, humor is essentially subjective—is a mode or habit of mind—is a way of looking at things. It is an adjustment of the mental vision which brings the near and far into the same focus, and permits us to study the two in these unexpected relations. There is in it, of course, the shock of surprise, and it therefore is classed as a division of

the Ludicrous. Yet it seems almost out of place in that boisterous company, for its characteristic temper can scarcely be called mirthful, and it often borders close on tears. Humor seems really to be the result upon certain temperaments of a somewhat wide experience of life, which, while it disillusionizes, and so checks the narrow intensity and crude enthusiasms of inexperience, nevertheless does not harden the spirit, but broadens rather the range of tolerance and sympathy, and forbids one to wage relentless warfare on any phase of human nature. At this point it is directly opposed to Satire. A sense of humor is therefore not to be found in all ages, all temperaments, or all times. It is rare to find it in a child. The child laughs much, and at any sort of excitement not positively painful. He often has a keen sense of the objectively ludicrous, or the comic. His incessant language-study often makes him keenly observant of wit, especially if it smack of the forbidden fruit of slang. But his vision is too narrow—he is too direct and intolerant—to catch the double refraction of true humor. For the same reason, intense and intolerant natures generally, and intense and intolerant times, are notably deficient in humor; witness the Puritan temper, and the Puritan times in England, and that in the midst of a nation otherwise singularly rich in this quality. The ancient world of Greece and Rome was witty—its keen sense of form led it directly to that—and it dearly loved the comic, especially if winged with satire; but it seems to me almost wholly devoid of humor. The Greek was, perhaps, too logical—too schematic—to yield himself kindly to the delicious obliquities of humor; and the Roman, perhaps too deeply engrossed with action to interest himself in what would seem to him mere trifling. The night which settled upon the downfall of Rome was too full of the pains and terrors of dissolution, and the twilight of the Middle Ages too full of the struggles and birth-throes which ushered in the newer order. Thus is humor almost wholly a gift of modern times. So far as I know, not until we reach

Chaucer, in whose eyes the light of dawn was already shining, do we find humor present as an unmistakable and pervasive element in any considerable work of literature.

But to resume our story. It is indeed a far cry from Plutarch to Montaigne: yet as Plutarch was, in a sense, the last of the ancients; so was Montaigne, in a sense, the first of the moderns. He was the first great modern spirit in prose. In him were combined genius of a high order, large experience of life, sympathies broad enough to realize all that experience, and uncommon power over an ever-widening circle of readers. As bearing more directly upon the future of the Essay—that great engine of modern literature which he was to create and launch—we note these special qualities of the man:—genial egotism, entire frankness and absence of reserve on all matters relating to himself, ease and familiarity of tone, love of the quaint and paradoxical, a solvent but unobtrusive humor, and a fearless and all-questioning spirit of criticism. On the negative side, yet contributing no doubt to his success, there is an easy and accommodating morality, an absence of strenuousness and of high enthusiasms, and a contentment in living without any "conclusive philosophy of life." One needs but to have these qualities named to be reminded how constantly they reappear as striking features of essay writing, and to be convinced how powerfully Montaigne has dominated this branch of modern literature.—Nor this branch alone; for men so unlike each other as Shakespeare and Pascal, and both so unlike Montaigne, have come under the sway of his influence, and have received an unmistakable impulse from him.

It would be pleasant to linger in the company of Montaigne, but time and space forbid. With him we take leave of the origins and sources of the English Essay, and come to the development itself. I shall not this evening attempt to follow out that development in minute detail. It must suffice to note its critical phases, the forces and the personalities which dominated those phases, and the larger

and more distinct types which have so far been evolved. It may be well, however, at the very outset to attempt some general statement of what we understand the Essay to be. We shall agree, I presume, that not all short pieces in prose, nor even all short pieces of genuine merit, are worthy to be called Essays in any such discussion as this. Unless the interest be of an abiding sort, unless matter and manner are completely fused in one, and the whole is invested with a fadeless power and charm,—unless the writing be literature—we have something other than a true Essay. Within this narrowed and charmed field of prose, the Essay, to my mind, seems to be in essence a Prose Poem, confined for the most part to motifs that may be broadly called lyrical, and standing to lyrics proper much as the novel stands to the epic, or as the prose drama stands to drama in verse. This conception assumes that the essence of poetry may exist in two parallel forms, in verse and in prose; the one stricter, more intense, more gem-like, and earlier attaining perfection of type; the other more flexible, more various, capable of broader effects, and developed later in time. And lyrical types of prose are the very last of all to emerge, because of the exquisite degree of richness and perfection they require in the technique of expression. Indeed, if the two forms of expression, prose and verse, had only had parallel development, we should never have been involved in the endless confusion brought about by the traditional limitation of poetry to its metrical forms.

Whether the theory advanced above as to the essential nature of the Essay is the right one, is not by any means a question to be settled by personal impression or opinion merely. It is capable of being put to a very definite test. If the common and distinctive feature of the various essay-types is really found in that quality to which we have somewhat broadly applied the term lyrical, then this quality should explain, and from it should flow all those more obvious features of form and all those limitations of subject and treatment which empirically we have learned to

associate with the Essay. And the theory meets this test remarkably well. The type of lyrical utterance is a single musical cry or a simple vocal melody. It cannot be indefinitely sustained or continued without becoming unendurable. Its expression must not transcend certain narrow limits. Hence the lyric, whether in prose or verse, must be brief. Lyrical charm, again, lies in simplicity and singleness of effect, and these are endangered by intricacy, by complexity, by the introduction of anything save the few tones which naturally harmonize with and support the dominant note. The lyric must therefore be simple and single; it is confined to a single aspect; it cannot attempt the complete view. And the lyric note is intensely individual. Its charm depends far more upon the personal timbre and resonance and thrill of the voice than it does upon its pitch or volume or range. Hence the particular point of view, the individual mood, the personal equation are of utmost importance in all lyrics;—are the center upon which the whole interest turns. Lyric expression, moreover, like the human voice, has not an indefinite compass. Its range of *musical* tones is in fact sharply limited. Certain passions,—or at least certain degrees of passion—are not susceptible of expression in pure melody. The lyric therefore is limited to a certain range of topics;—more narrowly limited, perhaps, than any other division of literary art. And lastly, since knowledge and reason are the special divinities of prose, as feeling and imaginative play are the divinities of verse, the prose lyric may deal more freely than its sister-form with information, instruction, and reasoning,—may consequently attempt a wider range of topics, and may produce broader and more varied effects. Nevertheless its real power and charm does not depend upon the information conveyed, but upon the feeling aroused. Narrative, description, and exposition are all in strict subordination to the stir of heart and feeling,—are but means to make that stir intelligible and communicable to us.

Brevity, simplicity, and singleness of presentation; the

strong play of personality, the subjective charm; the delicate touch, the limited range of theme and of treatment; and the ordered beauty through exclusion of all disordered moods and fiercer passions,—these flow directly from the presence and dominance of the lyrical element, and these are the constant features of the Essay.

The earliest perfected type of the English Essay is, undoubtedly, Bacon's. There are, to be sure, some earlier experiments by More, Ascham, and Sidney, interesting indeed from the point of view of thought, but inconclusive and leading nowhere, so far as form is concerned. Bacon received a powerful impulse from Montaigne. He writes upon Montaigne's topics, and freely quotes his thoughts. Yet, in spite of their close relationship, no two literary types could well be more diverse. Instead of Montaigne's frank egoism and naïveté, his capricious turns, his geniality and anecdotage, his apparent carelessness as to form, we find in Bacon a distinct return to the dignity and severity of the ancients, to classical brevity, sententiousness, and repose. The themes of his great essays are all ethical:—the vital forces which actuate human life—Friendship, Ambition, Revenge,—its great conditioning circumstances and relations,—Marriage, Great Place, Adversity, Death,—its ideals and objects of pursuit,—Riches, Studies, Truth. The method of these papers is singularly constant and uniform. Each is a sententious, pregnant utterance, almost in axiomatic form, of profound generalization based upon wide experience and observation of the world of life and the world of books. The opening sentence rivets the attention with the flash of some striking comparison.—"What is Truth, said jesting Pilate, and would not stay for an answer." "Men fear death as children fear to go in the dark; and as that natural fear in children is increased with tales, so is the other." "Revenge is a kind of wild justice; which the more man's nature runs to, the more ought law to weed it out."—Then follows without pause a wealth of wisdom upon two or three aspects of the matter in hand,—

clear compact statement without expansion or argument, but lit up here and there with telling allusion or example. Then with some turn as striking and unforeseen as the opening, the essay closes.

It is instructive to note how steady and single throughout the whole series of papers is the writer's point of view—that of one who would achieve and retain great place and power among men—who would know how he may avail himself of all the conflicting winds of passion in other men to help him on his course, how he may steer his way among all the reefs and currents of relation and condition, and so attain his goal. All this is wholly of this world. There is no generous or passionate feeling of the inestimable worth of friendship, love, and truth in and of themselves. Yet this defect is almost forgotten in the presence of a peculiar dignity and charm not to be found in any other writer. The lyric element—the thrill which our formula calls for—is there, too, though of an unexpected kind. The thrill is intellectual rather than emotional—an exhilaration in part due to the loftiness and range of the generalization, and in part it is the reflex of Bacon's own intense and personal interest throughout his career in the solution of these very problems.

Bacon's style is also a matter of surprise. Elizabethan prose is utterly formless. It is sometimes magnificent, when its obscurity is momentarily lit up by a lightning-flash; and then the long resounding roll of its thunder carries out the impression of fateful but uncertain power. It is often grandiose, like the age which produced it; but its movement is somehow stiff and spectacular—it has not the free and purposeful action of a swift servitor of the thought. It had no clear sense of limits and bounds; as, for example, between poetry and prose, or between eloquence and rant. There is strength and richness, but no sure art. And Bacon's writing in his other works is not notably different from that of his age. But his Essays are unique among the prose of that time for their perfect adaptation of manner to

matter. The severe dignity and weight of the diction, its stately movement, its pungent condensation, its far-reaching suggestiveness—are but the very image and impress of the thought. Such exquisite balance, of course, is the result of art, and not of accident, and its limitation in Bacon's case to these particular papers, suggests the extreme simplicity of the art he used. Yet the art seems scarcely a conscious art. It was in fact little more than persistent pruning of a style naturally rich and strong, but somewhat overloaded and unwieldy—a pruning which stripped the expression of every element not absolutely needed to carry the thought.

Bacon's simple art was the best possible art for thought of the order of the *Essays*. But thought of that order is rare, and the very simplicity of the art conceals the art from notice. Thus it came about that Bacon's success, surprising as it was, produced no discernible effect upon Elizabethan prose. Milton and Jeremy Taylor learned nothing whatever from him. A century was to pass, and experiments were to be slowly worked out on entirely different lines, before we come again to prose that can claim to be *Fine Art*—and that prose is Addison's.

Bacon's art, as we have seen, was scarcely a conscious art. Though he took infinite pains in writing the *Essays*, and though their art rather than their wisdom is what still keeps them alive, it seems clear that the value he himself set upon them was scientific and utilitarian rather than literary—the value of their wisdom in the conduct of life. "Set down rather significantly than curiously" is his own statement regarding them. But Addison is our first writer clearly to perceive that prose is a proper material for *Fine Art*, and the first to make writing in prose a fine art by the conscious use of the very same means which have always been used in verse—by perfecting the technique, by harmonizing all the elements of the composition to the production of a single effect, and by a distinct sense of the limits within which the effect is to be produced. That

Addison was a great artist seems proved not only by the verdict of his own and of subsequent times, but also by the fact that, in his presence and under his inspiration, men mediocre in comparison were lifted above themselves, and made capable of doing work in the master's manner. Thus we see not merely geniuses like Steele and Swift, but obscure members of Addison's group writing in his vein. Precisely such was the effect of Rembrandt and Raphael upon their pupils and collaborators.

Addison's literary experiments cover many fields—travel, antiquities, philosophy, religion, criticism of literature and art, as well as various forms of verse. But his work in all these conveys an impression of feebleness or unfitness. His interest in the scenes of travel was little more than a sentimental interest reflected from Latin literature. His antiquarian lore seems lacking in positive knowledge and research. His criticism, while guided by appreciation and by right feeling, gropes helplessly in search of real basis, and must support itself by authority at every turn. In all these, as also in philosophy, he is merely one of his age. Whatever good his writings on these topics may have done, they are not the ones on which his fame rests. What supremely interested him was the moving spectacle of human life in society—its characters, its manners, and its minor morals,—and this spectacle he has admirably portrayed, not on one great canvas, after the manner of the novelist, but in a series of charming vignettes. The range of treatment is not wide, though wider than Bacon's. The illumination is the same throughout—that of a genial, tolerant, but strongly solvent humor. In faultless harmony with the treatment is the note of urbane and languid ease in sentential structure and diction, and the strict limit observed both as to display of feeling, and as to extent of composition.

Comparing the two types so far considered, we notice that the dominant notes of the Elizabethan time were imagination and passion, and these found full and fitting

expression in immortal verse. In prose Bacon succeeded where others failed, largely because he did not attempt to produce these notes on an instrument not as yet tempered to express them. A hundred years pass. Passion and imagination are no longer "good form" even in verse; reason and wit have everywhere taken their places. And Addison's prose, cool and transparent as a limpid brook, with its current of quiet humor and its little ripples of satirical wit, is a perfect vehicle for the newer modes of thought. Its excellence, however, is a special and limited excellence, not at all warranting the extravagant praise it has sometimes received, as though it were the all-sufficing model and type of English prose. It has nothing of the volume and weight of Bacon's utterance, nor of the splendor which shines as through broken rifts in Milton and Jeremy Taylor. The deeper notes of tenderness and awe, as well as the higher ones of fervor and ecstasy are entirely beyond Addison's compass. Addison's art is not *great* art, in that it does not deal with great themes and in the grand manner; but it is fine art, and the first of its kind in England. In its special field it has never been surpassed.

Again a hundred years pass without sign or movement in this particular field of art. Then suddenly and almost without warning the whole chorus strikes up. First we hear the prelude of daring improvisation and experimentation—brilliant but uncertain—by such men as Jeffrey, Sydney Smith, Christopher North, and Leigh Hunt. Gifted spirits were these all, whose business it was to make trial of all the new themes which the surging thought of the time could suggest, and in this way to develop in all its stops and registers the compass of that now powerful and splendid instrument, English prose. Their work was a most important one, executed with wonderful spirit and effect. But after all it was experimentation; it lacked the repose and the finish of art. Their volumes make a fine showing in the alcove of the British Essayists. Yet they

are now rarely read save by the professional student. After them came the great artists—Lamb, De Quincey, Macaulay, Carlyle, and our own Irving and Emerson. And following close upon the heels of their success there has been an ever-increasing army of writers to enter in and possess the realm which these earlier men had marked out. To few of these later writers has it been granted to attain to the prominence and power which belong to initiators—to the beginners of a new order. But their aggregate effort has resulted in a vast extension of the field of prose literature, and a great increase in the capacity and power of prose expression. Precisely as it was in the case of the Novel, we have the amazing spread and dominance of a form which has once achieved success; so that not merely is literary thought the gainer, but thought of all kinds—historical, philosophical, and scientific—accommodates itself to the prevailing mode, is cast in the essay-form. And the use of this form has reacted powerfully upon thought itself, compelling it to clarity, to simplicity, to singleness of view. With all this gain to literature in general it may be that there is some incidental loss both to writers and to readers. It may be that the excellence of the presentation tends to make us all the more easily satisfied with that limited and partial view of truth which is all that the essay-form can aspire to. If this be true, the fault, I suspect lies not so much with the form, as with that general impatience of sustained effort which marks the modern reader, and which in part has caused the choice of this form. But to the Essay within its proper sphere, the sphere of fine art, such criticism cannot apply. For the truth of art and poetry is of another order than the truth of fact and science. It is not concerned with questions of dimension and scale. Its cycle finds ample room to complete itself as perfectly in least as in greatest.

It would be useless to attempt here any characterization or criticism of individual essay-writers of our century. In the time that remains we may more profitably consider the

realms of thought which the Essay has made its own, and so attempt to reach some classification of its principal varieties, and some clearer views of the relation of these to other literary forms. With science as such, and with philosophy as such, the Essay, we must remember, has nothing to do. Whatever the nature of the material in which it works, its appeal is to the spirit rather than to the intellect. Its theme is an occasion for writing rather than a cause—is not meant to limit thought, but to liberate it. Its aim is to establish in us, through suggestion and sympathy, a mood of feeling rather than to kindle us to resolve or to action.

With these essential conditions in mind let us ask what are the great realms of thought from which the Essay may draw its themes. The answer will be, the realm of Human Nature, the realm of External Nature, and the realm of Fine Art. Furthermore, the peculiar material which each of these realms affords, together with the peculiar treatment appropriate to that material, would seem to furnish us the proper basis for a broad division and classification of the Essay-group. The field thus outlined is wide enough indeed, but the Essay can only share it in common with other forms of literature, each form being limited to such portions of the field as are suited to its genius and method of presentation. Take, for example, the field of Human Nature. Not all topics within this field can be presented in vignette-form. All those which demand comprehensive treatment,—all those which deal with life in its multitudinousness, its complexity, its change, must be dealt with under other forms—under such forms in pure literature as the epic, the drama, and the novel; or under the mixed forms of history, biography, and travel; or even under such purely scientific forms as psychology, physiology, ethics, and ethnology. With all of these the Essay dealing with Human Nature, has many points of contact,—so many and so close that it is not always easy to fix the boundary. And the mere topic itself does not determine the case, for the same topic is susceptible of very various treatment.

But, viewing the matter broadly, we may say, I think, that the Essay, so far as it has dealt with Human Nature, has portrayed it either under special aspects of those great ethical and vital forces which are the serious basis of life, or else under special aspects of its fascinating movement and play. The essays of Bacon and Emerson would furnish us typical examples of the first sort—the ethical and philosophical essay; while the sketches of Addison are types of the second.

The first group,—the ethical—is much the older, has greater inherent dignity, and perhaps, the more assured and lasting place both in literature and in human interest—for its topics are of undying concern to men. The second group, that dealing with the fascinating movement and play of life, is wholly of the modern world. As compared with the other, this requires a much more delicate technical skill, it appeals to a much more immediate and concrete interest, and hence to a larger audience. At the same time it loses somewhat of universality and permanency through the local and ephemeral nature of many of its themes. A broad line of division runs through this group, according as the aspects of life under consideration are social or individual;—and within the individual group we further distinguish a well-marked sub-class,—the essay of self-revelation. The mood of mind which craves such expression as this has already been touched upon as one of the most distinctive features of the modern age. The author regards himself as upon the whole the most interesting personality within the range of his acquaintance, and frankly assumes that others generally will share the interest which he himself feels. The situation is, of course, a ticklish one, requiring exquisite delicacy and tact to avoid ignominious failure. For, if the egotism be not strongly refracted, and dressed in the prismatic colors of humor and pathos, and if the promise of interest be not abundantly made good, the audience is affronted. Egotism of its own kind the classic world had in full measure, but it was the egotism of a

proud and statuesque reserve. To it the gossiping familiarity of the modern type—this taking of the whole world into one's confidence—would have seemed ignoble and repulsive. Confession was for criminals. The profound change which since then has come over the world, has its origin no doubt in that great order of thoughts which came in with Christianity. The early landmarks of the change, the *Meditations* of Marcus Aurelius, and the *Confessions* of St. Augustine have already been noticed. It is Montaigne however, who offers the first clear example of essay-writing in this vein. Yet Montaigne's self-revelation finds its interest far more in his piquant personality itself than in any particular skill in the presentation. His work on this line seems naïve as compared with the subtle art of Lamb or De Quincey. Between the earlier writer and these later ones there stands but one considerable example of this kind of writing—Sir Thomas Browne's *Religio Medici*; and that, for all its peculiar fascination and charm, seems to be something other than an essay. And since the days of De Quincey and Charles Lamb, though there have been many aspirants, there have been no real rivals to their fame.

The Essay dealing objectively with individual life presents fewer difficulties, and offers us a more numerous array of successful examples. Not all biography of course—not all good biography even—can be included here. Many biographical essays there are in which the point of view is not the personality as seen in its fascinating play, but the personality as an embodiment of ethical principles and forces. Such papers are Plutarch's *Lives*, Emerson's *Representative Men*, and Arnold's *Heine* and *Marcus Aurelius*;—these find their proper place in the ethical or philosophical group described above. But in contrast with these there are biographical essays in which there is a perfect synthesis of character and its expression in outward life, so that the personality is presented in a vignette-like clearness, and singleness of aspect. Carlyle's *Mirabeau* and Macaulay's *Samuel Johnson* are typical examples of the

group we are now considering. Biography shows us personality in longitudinal section; but the Essay is by no means limited to that method. It may present personality in cross-section, as it were, and then we have the character-sketch, at the present moment one of the most popular forms of essay literature, because of its ready adaptability to fictitious characters and to themes of genre-art just now so much in vogue. At this point, it will be observed, the Essay meets the Short Story, and even merges into it. Dr. John Brown's *Marjorie Fleming* and Maclaren's *Doctor of the Old School* are familiar examples.

Our next division is the Essay dealing with External Nature. Of this we distinguish two main sorts:—that which interprets animal life and character to human interest and human feeling, and that which similarly interprets inanimate nature, more especially landscape and scenery. Writing of the former sort is now so common that we are apt to forget how recent a thing it is. In English prose, however, there is scarcely anything of the kind before the advent of Christopher North. The widening of the range of human sympathy and interest so as to include these our lowlier brethren, is one of the most marked features of modern thought. In the essay dealing with animal nature, the method of treatment, and the point of view are precisely the same as in the case of the essay dealing objectively with human nature. Lowell's *My Garden Acquaintance* and Burroughs' papers on birds and bees illustrate the social aspect of animal life, while Muir's *Douglas Squirrel* and *Water Ouzel* exhibit the same loving study of its individual types. In that exquisite paper entitled *Rab and his Friends* we have a more daring presentation still,—a society which is both animal and human, with the animal as hero.

The Landscape section of the Nature Essay presents some special features. From the earliest time the elements of landscape have been recognized as in certain cases a proper background or setting for human action. They were so used by Homer, Virgil, and the Idyllists. But

interest in natural scenery for its own sake—a sense of its power and charm in itself—is a very recent thing. Therefore recent also is the power of adequately portraying and interpreting it. Of the two forms of art that attempt its portrayal—painting and literature—painting has a clear advantage on the objective side, in the representation of the object in itself, in its proportions, form, and color; while literature has an advantage on the subjective side, in the suggestion of associated thoughts and feelings. Since objective unification naturally precedes subjective, landscape painting naturally precedes the interpretation of landscape in literature. But the limitation just now suggested must always prevent literature from undertaking any broad canvases, any complex visual effects, because it cannot give sufficient objective unity to the elements selected for presentation. It must be content with suggesting barely enough to form an adequate basis for the play of feeling, which is its proper field. Thus is explained the scarcity in literature of landscape studies standing detached and self-sufficing, as character-studies do. Ruskin, who is, I suppose, our greatest master in this particular field, uses landscape for purposes of illustration only. We have no landscape essays by him, but only landscape paragraphs, imbedded here and there in his writings on other subjects. And this, it seems to me, is likely upon the whole to be the most satisfactory and valuable method of dealing with landscape in prose. Writers who attempt a more extensive treatment are compelled to secure it by piecing together a series of these smaller pictures—either a series in space, as when one advances through the landscape and notes successive features as he encounters them; or a series in time, as when one notes the successive aspects of a scene under changing phases of sunshine or weather. Our landscape essays are chiefly of these two sorts. The former method is the more frequent, and is seen in many of the essays of John Burroughs. The latter is seen in John Muir's *Wind-Storm in the Forest of the Yuba*. Another method still,

which makes of the elements of scenery a series of texts for the play of fancy, revery, and the like, can scarcely be called a treatment of landscape at all. If it have any place in our study, it must be found somewhere in the subjective group described above.

The Essay dealing with Fine Art alone remains to be considered. Fine art is itself a sort of second nature, a clarified and ordered reflection from the mirror of the human spirit of the unsorted images which nature pours in upon us. The treatment of this reflected nature may be as various as the treatment of its original—may be subjective or objective—may be scientific, philosophical, aesthetic. And criticism attempts all these modes. But our concern here is only with that relatively small group of writings in which the interpretation of a work of fine art is so ennobled by sympathy, by insight, and by charm of presentation, that it becomes itself a work of art, with a power and beauty of its own quite independent of the theme which gave it occasion. In this portion of the field of English criticism Ruskin again is foremost in rank if not the first to enter it. But here again his units are not essays, but paragraphs and gem-like bits. Matthew Arnold, while possessing clarity and delicate appreciation, is generally too much concerned with his judicial function—is too anxious to prove his verdict right, is too exact and rigid—to permit that free and gracious play of the spirit which makes fine art possible. The most successful attempts are perhaps those in which the personality of a great artist is lovingly interpreted in and through his art. Examples of this sort are to be found in the essays of Dowden, Pater, and Lowell.

The Essay dealing with Fine Art, of course, is not limited to literary art for its material. We have some noble interpretations of painting, of sculpture, and of architecture as well. But literature has this great advantage, that while the art which is interpreted must itself be accessible to the reader of the interpretation, no other form

of art so accurately and so readily fulfills this condition. Every good copy of a literary masterpiece carries within itself all the excellence of the original, and good copies may be had *ad infinitum*; but the same is not true of any other fine art.

We have now followed the slow development and flowering of this form of literary art—have surveyed its special field, and have marked its chief varieties and adaptations. A word as to its future, and we are done. Most generalized modes of human expression are found to have a distinct term of life. Even if the name survives, and is worn again in future times, it will generally be found that it is not worn by the form which originally owned it—perhaps not even by a lineal descendant of that form. The epics of Dante and Milton are not at all of the old-world type. Shakespearian drama, whether tragic or comic, is of another order than that of Æschylus and Aristophanes, and seems moreover to be of entirely independent origin. And Shakespearian drama can never be made to bud and blossom again. The Novel, which for us largely takes the place of the drama, seems itself to be of the same fleeting type. Its art has by no means the universality even of Shakespeare's. If we enquire into the cause of this decay and change, we shall find that it lies in the fact that these forms themselves are indissolubly connected with the fleeting phases of the life they shadow forth, and pass with the passing of the age. But this sentence of death seems not quite universal. Some forms there are so nearly free from the dross of time that they may pass unchallenged from one state of existence to another; they do not suffer death, but are translated. Such a form seems to be the lyric, depending very little upon passing fashions whether of thought or of life, lying close to the human heart itself, and partaking of its eternal youth. In so far as the Essay is a partaker of the lyric spirit, it is a partaker also of its life, and will endure. Some of its special types, no doubt, contain large admixture of mortal clay, and these must suffer "a sea

change." But as a general scheme or mould for human expression, after prose has attained the requisite fineness and flexibility, it is at once so elastic and so inevitable, that we cannot imagine it as likely to be forgotten or neglected so long as our speech itself endures.

THE HIGH SCHOOL.*

By ELMER E. BROWN.

It is a privilege to take part in such exercises as these. The house-warming is a festival of joy, wherever it is celebrated. But there is double reason for joy in the opening of such a house as this. It is dedicated to education; and education means the ennobling of human life. It is dedicated to education at one of its most interesting and vital stages. The primary school has a great opportunity; but the direction which it gives is too often lost in the stormy days of opening manhood and womanhood. The secondary school, the high school, deals with characters which are taking their bearings and fixing their course for the real journey of life. The greater part of what it effects will abide. If it ennobles human lives, they will in all likelihood keep some of that nobility to the end. Such a house-warming as this, then, has in it the promise of many happy homes in a prosperous and highly civilized society. The torches which are lighted here shall kindle the hearth-fires in many a household of this community.

To you who are students in this school, what do these three or four years of schooling mean? They mean, I doubt not, first of all, so many years of pleasant association with some of your best friends; with teachers and fellow students, some of whom you will count among your nearest and dearest so long as you shall live. There is a freshness

*Address at the Dedication of the new High School Building at San José, September 30, 1898.

and charm about the friendships of this time of life which ought never to be lost. I hope for you that you may enjoy them at their best; and to that end may I venture one word of friendly counsel: Do not make too great haste to be in society in the full grown-up sense of that word. You have heard the complaint uttered against the climate of the far north, that it has no genial spring time. It bursts at one bound from the raw and chilly days of the first snowdrops and the first bluebirds to the fierce heat of summer. Now, I think a like complaint can be laid against our American youth. They hardly have a time of youth at all. When they have got away from the April days of their lives they must needs rush at once into full July. They are no sooner out of childhood with its childishness than they must have the full-fledged social life of their elders, frequent parties as like as may be to those of the circle which sets the standards of the town, late hours, heart-burnings, and flirtations. I can but think that there is a better way. Let youth have its chance for the delightful friendship and social intercourse of youth. Do not crowd July into your May and June, lest when July shall really come you may look back to the "rare days" that you have lost.

What else does the high school mean to you? It means the coming to be at home with great thoughts. It means the making acquaintance with some of the best things that have been said and done in this world of ours, and with those who have spoken the words and done the deeds. You study language that great ideas may not confuse and embarrass you in their utterance; that you may listen with ready intelligence and follow securely from thought to related thought; and that, when your turn comes, you may make fitting response, not putting your finger, as it were, to your close-tied tongue, like an untutored clown. You study mathematics that great quantities and intricate relations of quantities may not overwhelm you. The conceptions of algebra and geometry and trigonometry enable you to face a confused mass of raw information relating

to your material environment, and reduce it to a form in which it can be handled, comprehended, put to use. You study physics that this material environment may become significant and humanized through the laws which great masters have discovered, culminating in the principle of the conservation of energy. You study the biological sciences that you may classify the bewildering multiplicity of living forms, and then read the meaning of your classification in the principle of organic evolution. So you reach a point where the lower forms of life teach a lesson which lends coherency to all living processes. Chemistry divides the known from the unknown in what relates to the ultimate structure of the physical universe; and along with human physiology it puts you in touch with one of the most characteristic facts of our civilization—the fact that we compel science to aid us all she can in our care for human life. And what shall I say of history and of literature—studies in which we come up close to what is finest in human thought and will, human emotion and aspiration? We cannot be wholly narrow and provincial when we live in daily intercourse with Homer and Cicero and Charlemagne and Shakespeare and Washington and Wordsworth and Thackeray and Abraham Lincoln. It is an intercourse which lifts us out of what we are into that which we can be.

In the elementary schools you were occupied with partial views, with details, fragments. In the high school you have begun to study whole sciences. You are no longer shut in on all sides, confined to the pleasant hollows or the rugged ravines on the slope of the hill of knowledge. You are beginning to make your way out on the uplands where there is a wider outlook, and where you walk with the great masters who loved the larger view. There are better things farther on; but this is good—very good. And it is also very delightful.

The Oakland *Enquirer* published a few days ago a quotation from the Sacramento *Bee* which reads in part as

follows: "The stuff taught to-day in our high schools takes the student away from that marvelous book of light, of life, of nature; gives him to chew a caramel of French, a bon-bon of Latin; appropriates to him an Oliver Twist sandwich of astronomy and botany, and then grabs the plate before he has more than smelt of the bread of true knowledge; lets him have a dainty looking salad of this ism and that ology; permits him to nibble a little here and there at a lot of unnutritious food; accords him less than Santiago rations of English literature; refuses him a square solid meal of any one substantial food for the intellect; and finally, after three years of such feeding turns him loose, incapable of giving birth to an idea, or even of clothing a borrowed thought, save in the flimsy and vulgar tinsel of pedantically iridescent rot."

I wonder a little what kind of clothing for ideas the writer in the *Bee* would substitute for that to which he objects; but I take it that this is not the main point to his indictment. The chief fault found, in the passage I have quoted, seems to be that the course of study in our high schools is scrappy. And the writer, I must say, is pedagogically sound in making it appear that scrappiness is a serious fault. But one cannot have followed the educational discussions and movements of the past few years without seeing that there has been a great change for the better in this respect. I was looking one day this week at the course of study of a high school in which I was called to teach a little less than twenty years ago. It was a three-year course, and included twenty-four different subjects, all required. The studies of the last year were Natural Philosophy, Zoölogy, Civil Government, Essays, Astronomy, Physiology, Universal History, Mental Philosophy, and Chemistry, the most of them pursued one-third of a year each. But the school possessed no laboratory, and very little apparatus; and there were but two, or at the most three, teachers to give instruction in this wide range of subjects.

On the other hand the average California course will show less than half as many subjects; and the school in which that course is pursued will have some respectable provision in the way of laboratories and library. The classical students of the San José high school study only eleven subjects, in a course covering four years.

This does not mean that less work is done in the high schools of the present day. But it does mean that a student in one of these schools stays with a subject long enough to get some little acquaintance with it—that he comes in a measure to be at home with its great thoughts. And this is a great educational gain.

One thing more surely the high school means to you. It is your chance of finding out what subjects you are most interested in; and that is a way of getting acquainted with yourselves. It is worth while, this being at home with your own best thoughts. I verily believe some people are a little abashed when they find themselves thinking on themes above the commonplace. They have an uneasy sense of being strangers there. It is well to learn that that within you which thinks the noblest thoughts is your own proper self; that your lower self is really the stranger within you—a mere unwelcome interloper. And in all this the high school should give you very great help. It should lead you out on several of the great lines of human thought, that you may find which of them call out your fullest and noblest endeavor and aspiration.

Now, if the high school means all this to its own immediate family, what does it mean to the rest of the community? For no human institution liveth wholly to itself. Well, it means a great deal; and I should make a long speech of it if I tried to exhaust this part of the subject. I wish only to say what I think it means to other parts of the public school system; for no school liveth to itself alone.

In the year 1847, the Board of Education of the City of New York presented a memorial to the State Legislature,

asking for authorization to establish a high school or "free academy". Along with other considerations, they made the following representation to the legislature: that "one object of the proposed free institution is to create an additional interest in, and more completely popularize the Common Schools. It is believed that they will be regarded with additional favor, and attended with increased satisfaction when the pupils and their parents feel that the children who have received their primary education in these schools can be admitted" to such a free institution as it was proposed to establish. That is, the high school would bring direct advantage to the lower schools. They would command more confidence and favor for belonging to the same system with this higher institution.

We get more positive testimony to the value of a high school to the schools below it from an address delivered by Seth Low at the twenty-fifth anniversary of the founding of the Albany high school: "When it was my privilege to come into close touch with the public school system of Brooklyn, as the mayor of the city," says Mr. Low, "my eye was caught immediately by the palpable fact that several thousand seats, taking the city as a whole, were vacant in the grammar schools, while children were being turned away from the primary schools by the thousand. Just at this time a proposition was made to erect a new high school in the city at the cost of \$100,000 or \$120,000; and I took the ground that until the primary need was fully met the city could not afford to spend its money for a new high school building, however much such a building was immediately needed. What was the consequence? The consequence was that in every grammar school in the city the bright students who ought to have been graduated into the high schools were held back in their classes, and the flow of children through the whole public school system was choked at the outlet. A few hundred boys and girls, who were able and willing to profit by high school courses, were made the unconscious instruments of preventing

promotion all the way down, so that, at the bottom, thousands of children were deprived of all school privileges because the system had ceased to enjoy the use of its proper outlet at the top. One year taught me the lesson, and the next year an appropriation was made for a new high school building. The effect was instantaneous. The proper working of the system was restored immediately, and the accommodations at the bottom were at once greatly increased. Nor was this all. The attention which was called to the subject resulted in an interest, the impulse of which has not ceased to be felt in Brooklyn from that day to this."

Is it not clear that no school liveth to itself? And if this is true of the high school in its relation to schools below, it is also true of it in its relation to schools above. I quote again from Mr. Low's Albany address: "Jefferson, you remember, urged upon the state of Virginia a complete system of public education, at the top of which there was to be a university of the state, at the bottom a net-work of common schools supported by hundreds to bring them as close as possible to the great body of people, while between the two there was to be a series of secondary schools or academies, which would make the connecting link between the elementary school work and the higher education. Something was done at both ends of the line. The University of Virginia was established and some common schools, but the intermediate schools the state declined to establish. It is significant that the elementary schools suffered more by this omission than did the university."...

"This historic experience," Mr. Low continues, "justifies the claim that it is impossible long to maintain an elementary school system worth having which does not open out into a system of secondary schools; and it is equally impossible to keep a system of secondary schools valuable, for any long period, if they, in turn, do not open out into the colleges and universities. The uplift of the higher upon the lower is one of the most essential truths bearing upon education."

So, while I congratulate you upon this occasion, so full of happiness and promise for your school, I congratulate you all the more heartily that this school sustains vital relations with schools above and below—that it is a part of a great, united, living, growing institution of public education.

Yet I am never willing to speak of this fine continuity of our schools from the lowest to the highest without speaking of another aspect of the case which demands serious attention. We Americans have been living for more than a century in the paradise of a happy-go-lucky people. At home, we have been ready to fall any day into a competence, or even into a fortune. Gold mines, copper mines, oil wells, happy inventions, free farms—all have seemed to offer great things for little effort, little close calculation, little technical preparation. "It is not because of your democracy or any other cracy that your people are so contented," Carlyle is said to have remarked to Mr. Fields, "but it is because you have a vast deal of land for a verra few people." So we have had a happy life at home. And abroad? Well, we were too much isolated from the affairs of the great world to be much concerned about our neighbors. But this order of things is rapidly passing away. Great opportunities and great responsibilities are falling to us of all the people of the earth; and California is one of the shoulders of the nation, on which these new burdens must rest. At home, our free lands are well-nigh occupied. We shall soon begin to feel the pressure of population. We are entering upon a new era. And one chief characteristic of the new era will be its demand for technical skill and training, from the master artist all the way down to the humblest artisan. I wish to propose an educational principle which I conceive to be fitting to this new order of things: Every man's education should carry him as far up the course of general culture as he can go consistently with his other duties in life; but *every man's education should be rounded out with technical training for some definite occupation in life.* What is said

of a man's education applies with ever increasing force to that of a woman. Even for women who are not bread-winners—the making of a home is not so slight a matter that it should be undertaken lightly, without equipment of technical knowledge and skill.

The apprenticeship system is largely broken down. It was a wasteful system at best. The vocational training which my principle calls for can be most effectively and economically given in technical schools. We have fine technical schools of university grade, professional and engineering colleges and the like; but there is great dearth of such schools of the high school grade. First class commercial schools are needed, such as may be found here and there in Europe. First class trade schools are needed, too. The California School of Mechanical Arts, in San Francisco, better known as the Lick School, is, I believe, one of the best institutions of this type to be found in the United States. In this school, two years are devoted to fundamental mechanical operations, combined with a small amount of study in the line of general culture. This is the time in which the pupil is increasing his general intelligence and his skill of hand, preparatory to making his choice of a trade. He is getting acquainted with himself, finding out what he is best fitted for. At the end of that time, he chooses his trade from among a goodly number offered to him; and he then devotes two years to its mastery. There are few schools that I visit with such profound interest and satisfaction as this School of Mechanical Arts.

Now, it is still an unsettled question how far this need of vocational training should be met in the schools of the State. I do not doubt that the State will do more and more in this direction as time goes on. But for a long time to come, our chief reliance in this matter must be on private endowments, whether administered by public school boards or by special boards of trustees. Here is a noble opportunity for your men of wealth and benevolence. San José ought to have its counterpart of the School of Mechanical

Arts. So ought every considerable town in the State. You have started right, in building up first a strong high school of general culture. It must not be weakened in the interest of trade instruction. It is necessary, in fact, to the wholesome development of trade instruction. But the trade school is necessary, too, to the most wholesome development of the high school; and I find the authorities of the high school warmly in favor of such an institution. I trust the time may soon come when San José will be amply provided in this respect.

This is, I take it, a gathering of people who are deeply interested in secondary education in all of its bearings. I feel that I ought not to close what I am saying without calling your attention to a serious danger which now threatens the secondary education of this State. The so-called Sixth Amendment to the constitution of the State, proposed for adoption this year, seeks to secure State aid for high schools of the lower grade, by the simple device of calling them grammar schools. It is a reappearance of the "grammar school course," the mongrel type of school which was swept away by the legislation of 1891, in order to clear the ground for a system of real and effective high schools. Let me present in this connection a portion of the resolutions upon this subject unanimously adopted a week or two ago by the Teachers' Institute of Alameda County. It reads as follows:

"Such an arrangement would, in our judgment, disappoint the expectations of its advocates; for it would in most cases lead to the giving of instruction in high school subjects by teachers whose time is already fully occupied by classes in grammar school subjects. The instruction of advanced classes under such unfavorable conditions could not but be unsatisfactory to the teachers, to the patrons of the schools, and to the pupils. . . .

"The amendment would, if adopted, work serious injury to existing schools, in that it would crowd the grammar

schools with classes properly belonging to high schools, thereby absorbing time and attention which are due to the regular grammar school classes; and would moreover greatly injure the regular high schools by bringing them into competition with schools which have the false appearance of doing high school work at less expense to the communities concerned.

"We are in hearty accord with the effort to make secondary education accessible to all the children of the State, as is now the case in Massachusetts; but we believe this end can be as surely reached by more direct means. To call high schools grammar schools will give us schools which are neither good high schools nor good grammar schools; and will greatly retard the movement toward good schools of all grades.

"Finally, the wording of the proposed amendment is so ambiguous that it seems impossible to forecast its effects in the matter of taxation for educational purposes. We believe it would prove a source of much litigation, and we are persuaded that the resulting uncertainty would work great harm to our educational system."

I believe this statement will command the approval of thoughtful friends of secondary education, and I most earnestly hope that the proposed amendment will be defeated at the polls. If it is adopted, its honest advocates—for I fully believe they are honest—will almost certainly find that where they have asked for bread they have received a stone.

But I must not detain you to say all that comes into my mind to say. I bid you Godspeed on your new life in your new home. Your school has won a good name for itself. I am told that its graduates are doing good work in the universities: and I hear a like report of those who have gone out from the school into the work of the world. May it prosper in all best things. And may this house which the city has built for its habitation be a center of true civic pride for many long years to come.

FINANCES OF THE UNITED STATES IN THE SPANISH WAR.*

By CARL C. PLEHN.

I.—RAISING THE FUNDS.

There were many things connected with the management of the war with Spain which reflected great credit on the government of the United States. Not less creditable than the exploits of our army and navy was the general financial administration of the war. The vast sums requisite were obtained promptly and without serious disturbance of the money market or of the general level of prices. We floated a war loan with the utmost ease at a rate of interest lower than that which any nation has ever before paid during war times; and for the first time in our history the credit of the country was so used that it grew stronger rather than weaker from its use.

While there are many features of the war revenue bill itself which are open to criticism, especially in that part which deals with taxation, yet the general plan for the fiscal administration of the war is in almost exact accord with the accepted principles of Public Finance. In this respect it forms a striking contrast to the fiscal management of any other war by the United States.

*Three lectures delivered before the students in History and Political Science, September 22 and 29, and October 6, 1898.

Before beginning to study the actual administration of our finances in the recent war it will be conducive to clearness if we recall, briefly, what is generally considered to be the sound method for the fiscal administration of a war. A serious war usually imposes a sudden, new burden upon the treasury, the exact, or even the approximate, size of which it is not possible to estimate at the outset. Many of the expenses of war belong to that class which financiers call "extra-ordinary" to distinguish them from the usual or current expenses of the government. The amount by which the ordinary expenses are increased in time of war depends upon many circumstances. Obviously, the chief factor is the size of the forces engaged and the duration of the struggle. Naturally, the chastisement of a few dozen hostile Indian braves in the immediate vicinity of the regular army posts involves practically no "extra-ordinary" expenses. Allowance is usually made in the ordinary budget for the expenses a war of that kind would occasion. But many circumstances less obvious than the size of the forces engaged enter into the determination of the amount of the "extra-ordinary" expenditures. Thus, for example, a naval war, unless it happens to become the occasion for the purchase of new ships, involves comparatively little addition to the ordinary expenses of maintaining the navy. A country which has a large standing army incurs relatively less "extra-ordinary" expense when engaging in war than a country which like ours has only a small regular army. For very obvious reasons, practically all the expenses of this war except so far as the regular navy was engaged were among the "extra-ordinary" ones, and had to be met by the treasury by means of distinct additions to our ordinary revenues.

The ordinary expenses being provided for by the regular budget the financier's whole concern in time of war is the provision of the "extra-ordinary" funds. If the operations of the war are likely to interfere with the ordinary revenues he must furthermore be prepared to treat a part of the

ordinary expenses as "extra-ordinary," at least to the extent of furnishing new means to meet them. It is not often possible, and still less often expedient to curtail the ordinary expenditures in any way for the purpose of saving money to meet the new expenses. How to increase the receipts of the treasury by an amount sufficient to ensure the efficient conduct of the war, without too serious disturbance of the industries and commerce of the people, upon which all the revenues depend, is the problem for the finance minister to solve. The "extra-ordinary" demands come thick and fast, especially at the beginning of the war and they must be met and met at once. The amount which may be needed at any given time is not ascertainable. But in spite of that, sufficient funds must always be on hand. Upon this more than upon any other one thing depends the fate of war. The war financier can never plead that he has no funds, nor can he ask for time in which to collect. He must have the money when it is wanted and in the amounts required. No degree of skill on the part of officers or bravery on the part of the men, no degree of self-sacrifice at the front can compensate for failure on the part of the financier to provide the ways and means. His powers are, therefore, of the greatest and most unusual.

Possibly the most natural source to turn to in time of war for the increased revenues needed is the existing system of taxes. At first thought it might seem proper to attempt to obtain new income by raising the rates of the old taxes. To some extent this is possible. In every well-arranged tax-system there should be some taxes which can be made to yield an increased revenue by simply raising the rates. One of the chief reasons for the establishment and the retention of the British "property and income tax," for example, is found in the elasticity of the returns. But not all taxes can be treated in this way. Sometimes an increase in the rate of taxation will disturb industry and commerce and do a greater injury to the welfare of the

people than is received from the damages of war. Again an increase in the rates of certain taxes will diminish the revenue or even destroy it entirely. In not a few taxes the only way to increase the revenue is to lower the rates. This is the case with most protective duties. Any change in the rate of such taxes is bound to affect industry and commerce, and to affect them unfavorably in the first instance, whatever the subsequent effect may be. A war brings perplexities enough to business without the creation of artificial ones, and the financier should not interfere with these taxes. It added not a little to the perplexities and dangers of the civil war that the industry and commerce of the people were repeatedly disturbed during the war by changes in the tariff as well as by the military and naval operations themselves. There are, therefore, but a limited number of old taxes from which any aid can be sought. In our own country owing to our one-sided system of taxation, the number of them is very small indeed. The financier must look elsewhere for his new revenues.

The next resource, naturally, is new taxes. But the establishment of new taxes or even the restoration of old taxes not in use at the time of the war is a matter requiring considerable time. Even if it were an easy matter to decide upon the best form of taxation and to get the necessary authority from the legislative branch of the government, the organization of the new administrative forces for the collection of the taxes is a matter requiring time. No new system of taxation reaches its normal revenue-yielding powers within many months of its enactment. If the taxes are entirely new the time required is longer. But even if they are more or less familiar to the people from use on some previous occasion, a considerable lapse of time must intervene between the beginning of war and the receipt of sufficient new revenues to meet any considerable part of its expenses. Furthermore, the expenses of war are now so enormous that any system of taxation which raised, or attempted to raise, the entire amount needed

during the probable duration of the war would be so burdensome as to crush the people. It is therefore extremely unwise, and practically impossible, to attempt to raise the entire cost of the war by immediate taxation. The only other resource is borrowing.

The use of the public credit, in time of war, is attended by many special difficulties. The outcome of war is always more or less uncertain. Even if defeat would not entirely cripple the nation's resources and render the repayment of the loan uncertain, or affect the payment of interest, yet there are many considerations which make the lender hesitate. The fact that the duration of the war, the extent to which other nations may become involved, and many similar considerations affecting the size of the total demand upon the public credit are unknown, vastly increases the difficulty of placing a loan on favorable terms. But on that very account it is particularly necessary for the successful administration of the war that everything should be done to strengthen and preserve the nation's credit. There may come a time in the progress of the war when the only source from which any funds can be had is the money market. If, therefore, the financier has done anything to weaken the nation's credit at the beginning of the war he is apt to be helpless at the close. Credit tends to weaken as debt increases.

It is for this reason that resort is usually had in early war-borrowings to the simplest and most primitive method of debt-making: namely, that which provides revenues for the payment of the interest and the repayment of the principal at the very time the debt is contracted. The creditor sees in the new funds flowing into the treasury the security for his advances, and the guarantee of good faith on the part of the government. So long as every new loan is accompanied by new taxes from which its cost can be met the public credit is practically secure. But if on the other hand the government neglect this precaution during the first stages of the war, any attempt to resort to it at a

later stage is apt to be regarded as the desperate device of unsound financial management and the presage of coming bankruptcy.

Public credit is a plant of slow growth and extremely tender. It withers in a day before a breath of doubt.

Inasmuch as a successful outcome cannot be hoped for in modern warfare without the funds obtainable solely by public borrowing, and the necessity for loans increases the longer the war continues, it behooves the modern war financier to guard the nation's credit as his most precious treasure. No sacrifice is too great which will strengthen it and preserve it intact for the later stages of the war.

Such, stated in a form almost too condensed for perfect clearness, are the principles which should guide the *fiscus* in time of war. No better illustration of the application of these principles can be found in history than is afforded by our recent war.

The situation, as it confronted Secretary Gage when the news of the destruction of the *Maine* reached Washington, may be summarised somewhat as follows: The Treasury had a balance on hand of about \$225,000,000. But, as we shall see in a moment, only about \$25,000,000 of this was really available for immediate use in the prosecution of the war. The ordinary expenditures of the government, outside of those for the postal system, which is nearly self-supporting, amounted in round numbers to \$350,000,000 per annum. For the first time in many months these expenses were being nearly met by the revenues. Indeed it was estimated that at the ordinary rate of expenditures there might be a slight surplus at the end of the year. The tariff was expected to yield about \$200,000,000, the internal revenue taxes about \$165,000,000, and there were about \$25,000,000 to be expected from miscellaneous sources.

The larger part of the income, however, came from taxes which could not well be tampered with. The tariff had been so long a subject of controversy, that there was

little desire to alter its recent settlement. For reasons already made clear there were many parts of the tariff which could not well be changed. Except in a very few instances the income to be obtained from it would not be increased by raising the rates. In the great majority of instances to raise the rates would have been to lessen the receipts, while to lower those rates for the purpose of increasing the income by allowing larger importations would have been to remove the protection afforded by them. This was contrary to the avowed policy of the administration. It would, moreover, have served to disturb industry and to preplex its leaders at a time already sufficiently disquieting, and might have proved but an aggravation of the disturbance caused by the war. The great body of the customs rates, of which there are thousands on our tariff schedules, are not productive of much revenue and are not intended to be. They are there to restrict importations. These certainly could not well be changed. Of the bare dozen or so of articles of importation which do yield a revenue, sugar, one of the most important, was likely to be interfered with by the war. At the existing rates, sugar imported should yield a revenue of about \$80,000,000 a year, but at least half of the importation was jeopardized by the war itself and it would have been highly impolitic to have changed the rate at this time. Iron, which was once a source of considerable revenue, was, in consequence of the changes which have taken place in that industry, and of the protective features of the customs law, not available to provide new revenues, as the importations are at best small. Cotton goods, the tax upon which yields considerable revenue, were protected; so were manufactures of hemp, flax and jute, of leather and of wool. Drugs, medicines, and chemicals were already taxed up to the limit of productiveness from a revenue point of view. In short there were but four important articles imported which might be used to yield additional revenue. These were hides and skins, raw silk, and tea and coffee. To tax hides

and skins, and raw silk would, probably, under the prevailing theory of "compensatory" duties, have involved an increase in the rates on the products manufactured from them, to maintain the same degree of protection that those products now enjoy. That would have reopened the whole tariff controversy and have rendered the outcome of the war-revenue measure extremely doubtful. Clearly it were wisest, considering how recently the tariff issue had been temporarily settled, to leave them alone. As a matter of fact, then, there are only two articles in the whole list of importations which might be considered by the Secretary of the Treasury in his search for new income. These were tea and coffee, which might, perhaps, have been made to yield together nearly \$80,000,000 additional revenue. That was approximately all that could be expected from the tariff.

In the war revenue bill as presented to the House of Representatives by the Committee on Ways and Means, of which Mr. Dingley was chairman, there was no suggestion of using the tariff in any way for obtaining additional revenue. It was not until the very end of the long discussion of the measure in the Senate that it was proposed to put a duty of 10 cents a pound on tea. That measure passed the Senate and was accepted by the conference between the two Houses and by the House of Representatives without any public discussion as to its merits. The reason for this duty, as for the omission of coffee from the list, is therefore not clear. The tax on tea is an important matter. The yield will be over \$10,000,000 per annum. A similar tax on coffee, which would have been at the rate of 8.5 cents per pound, would have yielded about \$70,000,000 more. It is, therefore, somewhat surprising that it should have attracted so little attention from the members of Congress.

Since the revenue from the tariff was not to be increased the only resource available was internal taxes. That these internal taxes should have taken the same general form as the taxes used during the civil war, and consequently

more or less familiar to people and officers, was but natural. Under the stress of war it is unwise to attempt to organize entirely new taxes, such, for example, as an income tax. Though an income tax had been used during the civil war, that form of taxation was under the shadow of an adverse decision from the Supreme Court. Even if an income tax law which would have been constitutional, according to the recent decision of the court, could have been drawn, it is doubtful whether it could have been made productive within any reasonable period of time. Recourse might have been had to direct taxes apportioned among the States according to population. These taxes could then have been raised in any manner which the State authorities chose. But there are two fatal objections to this plan. The apportionment of taxes according to population is fundamentally unjust and unequal. What it amounts to practically is a graduated poll tax. The different commonwealths vary so in wealth *per capita* that any *per capita* tax, however raised, would be unfair. Although the census estimate of wealth in 1890 was anything but satisfactory, yet the method used in that estimate was uniform throughout the country; and such differences as that between South Carolina, with about \$350 *per capita*, and Nevada, with \$4,000 *per capita*, show how utterly inadequate the constitutional method of raising direct taxes has become. Then again, the method of taxation by which most of the States raise their revenues, and which they would probably follow in raising their share of any apportioned taxes, is the worst in use in any civilized country and the injustice of the apportionment would have been enormously increased by the injustice in collection. The second objection to this method of raising direct taxes prescribed by the constitution is that it takes an inordinate length of time, and war taxes should begin to yield a revenue as early as possible.

The only available plan was, therefore, to seek additional revenue from the existing, indirect, internal taxes,

the excises or, as we call them, the "internal revenue" taxes, and to supplement these still further by new taxes of the same sort. The critical examination of the war revenue-bill forms the subject of the second of these lectures, so I must content myself here with the brief statement that the government resorted at this critical period to increased rates on some of the existing internal revenue taxes and to certain of the taxes used during the Civil War. Briefly summarized the revenue bill nearly doubled the existing rate of taxation upon beer and other similar fermented liquors; it imposed special taxes on bankers, brokers, pawn-brokers, theatres, circuses, and other shows, bowling-alleys and billiard rooms; it raised the rates on tobacco of all kinds; and placed stamp taxes on stocks and bonds, commercial papers, legal documents, checks and drafts, proprietary medicines, toilet articles, bills of lading, insurance policies, and a number of other things. Special direct taxes were imposed on the oil-trust and the sugar-trust; and on legacies and distributive shares of personal property.

As the war revenue bill passed the House its probable yield was variously estimated at from \$90,000,000 to \$105,000,000 per annum, the former being the better estimate. As amended in the Senate and finally adopted, it promised to yield at least \$150,000,000 per annum. The actual yield in addition to the regular revenue during the first month was about \$13,000,000 which speaks well for the probable accuracy of this estimate. But the expenses of war during the first few months, if not for a long time after that, would be, it was estimated, at least double that sum and possibly more. Therefore, unless the Treasury had a considerable balance on hand, there would have been no possibility of conducting the war at all without immediate loans. The balance in the Treasury at the outbreak of the war was \$225,000,000. Upon this were a number of claims, some of which, however, were not immediate. \$100,000,000, known as the gold reserve, had to be held for the preservation of the parity of all parts of the circulation and the

avoidance of general financial ruin. Then there were \$13,000,000 of fractional silver and minor coins, a large part of which was worn and unavailable, while the rest was needed for currency purposes throughout the country. \$14,000,000 had been received from the sale of the Pacific Railroads; but although this sum was temporarily available it would, if it were spent, be necessary to raise an equivalent amount before January first to meet the Pacific Railroad bonds which came due at that time. \$33,000,000 were held in trust for the redemption of the notes of national banks which had failed or which were redeeming their circulation. A part of this was temporarily available but it would be necessary to replenish that fund at an early date if much were drawn from it. There were then, out of the \$225,000,000, \$160,000,000 of which a small part only was available and that but for a short time. Anything drawn upon that would have to be replaced by January first at latest. Of the \$65,000,000 remaining \$40,000,000 were necessary as the cash on hand for the ordinary operations of the government. That amount corresponds to the cash on hand which a merchant keeps in the till to make change or to meet small bills. This left but \$25,000,000 for the initial expenses of the war which in our state of unpreparedness would naturally be above the average. This \$25,000,000 was all the unencumbered money in the Treasury to meet the appropriation of \$50,000,000 made by Congress before war was declared. It was clear that the Secretary of the Treasury could not provide the sinews of war without the power to borrow, both for a short time, to anticipate the revenues expected from the new taxes, and for a long time to enable him to support any naval and military operations which might become necessary, however extensive.

After much discussion and more or less unnecessary and dangerous delay, especially in the Senate, Congress authorized the borrowing, at the discretion of the administration, of not more than \$100,000,000 at any one time on Treasury

certificates and of an amount not to exceed \$400,000,000 on 10-20 bonds at three per cent. Nominally, therefore, the Secretary of the Treasury had in his hands for the necessities of war during the first six months of its duration:

Surplus on hand.....	\$ 25,000,000
War revenues	75,000,000
Temporary loans.....	100,000,000
Bonds	400,000,000
Total	\$600,000,000

Practically, he was limited by the fact that all of this money had not been appropriated and it would have been folly to raise more than he had authority to spend. Including the \$50,000,000 appropriated before the war broke out, the total war appropriations made by Congress before it adjourned amounted in all to \$361,788,095.11. This sum covered the most generous estimates of the probable cost of the war. It is not possible at the present time to obtain a complete estimate or a detailed account of the actual expenses of the war. There is little doubt, however, but that they will fall well within the appropriations. Even though the war is over, the "extra-ordinary" demands on the Treasury will not cease for many months to come. To the end of July, the expenses were about \$90,000,000; to the end of August about \$115,000,000; and for the six months they will probably be well within \$175,000,000, or within half of the appropriations. The Treasury, meanwhile, has been in the receipt of about \$13,000,000 a month additional revenues, or about \$75,000,000 for six months. It has also raised \$200,000,000 by the sale of 10-20 bonds at three per cent., a total of \$275,000,000, or nearly \$100,000,000 in excess of the probable actual expenditure for the six months. Although the accumulation of this surplus will give rise to many interesting problems in the future, it was not in any sense an extravagant or useless piece of financiering. As was stated in the beginning of this lecture, the Treasury must be prepared to meet any demand that may arise, instantly and

amply. That is an imperative necessity. As the early close of the war could not have been foreseen, the fiscal preparations were necessarily liberal. Indeed the amplitude of the funds available was one of the most potent causes of the success of the war. The excess raised was not larger than was necessary to insure the instant readiness of the Treasury to meet all possible demands. Had the war continued and the demands equalled the appropriations, the Treasury would again have been obliged to use its power of borrowing which the fortunate termination of the war rendered unnecessary.

So far the general plan of the financial administration of the war corresponds to the ideal plan. It remains to see how the credit of the nation stood the strain. As a matter of fact we have come out of the war stronger in credit than we went in, and this in itself is a remarkable feat. Let us see how it was accomplished.

At the end of April, 1898, the interest bearing debt of the United States amounted in round numbers to \$847,000,000. \$100,000,000 of this bore interest nominally at five per cent., the balance at four per cent. The four per cent. bonds payable in 1895 were quoted, when the plans were being made for placing the new loan, at 117½. At that rate they would yield the investor three and one-quarter per cent. interest. There was, therefore, some surprise when it was proposed to place the new loan at three per cent. It was urged that nobody would buy the new bond at three per cent. when he could buy one of the old ones and get three and one-quarter per cent. Yet the outcome showed the wisdom of the move. The bonds were subscribed to seven times over and in a short time rose to a premium of 103 and 105. In fact the entire loan was easily placed on far better terms than any nation has ever before been able to obtain in time of war. This remarkable result was attained partly by reason of the fact that the loan was offered for popular subscriptions and the bonds were for small amounts, thus creating and reaching a new market among investors of

small means. In part, too, it was due to the fact that the new bonds at par really formed a better basis for the national bank-note circulation than the old bonds at $117\frac{1}{4}$, and very much better than the old bonds at $123\frac{1}{4}$, the price which was reached before the new issue was completed. An investment by a national bank of \$100,000 in the old bonds at $117\frac{1}{4}$ would yield a profit of \$736.70 on the circulation, if interest is at six per cent.; while an investment of the same amount in the new bonds at par would yield a profit on the circulation of \$1,302.02. The difference in favor of the new bonds was \$565.32, or over half of one per cent. The advantage is still greater now as the old 4's are at $127\frac{1}{2}$.* None of these influences, however, would have had any weight had it not been that new revenues sufficient to meet all debt charges and part of the war expenses had been provided.

Much interest centers around the successful attempt to make this a popular loan. Congress after much discussion, finally provided that these three per cent. bonds "redeemable in coin at the pleasure of the United States after ten years from the date of their issue and payable twenty years from

* COMPARATIVE ILLUSTRATION OF \$100,000 INVESTMENT.

	3'S OF 1908-18 AT PAR.		4'S OF 1925 AT 117½.	
Par value of bonds purchased.....	\$100,000		\$85,287.84	
Circulation	90,000		79,759.05	
Receipts:				
Interest on circulation, 6%.....	5,400		4,605.54	
Interest on bonds.....	3,000		3,411.51	
		\$8,400		\$8,017.05
Deductions:				
Tax on circulation.....	900		852.87	
Expenses	60.50		60.50	
Annual cost of redemption.....	137.48		137.48	
Sinking fund to liquidate premium			229.50	
		1,097.98		1,280.35
Net receipts		\$7,302.02		\$6,736.70
Receipts if capital had been invested, 6%		6,000		6,000
Profit on circulation		\$1,302.02		\$ 736.70

Advantage of 3's at par over the 4's at $117\frac{1}{2}$, \$565.32 or .565%.

that date," should "be first offered at par as a popular loan under such regulations, prescribed by the Secretary of the Treasury, as will give opportunity to the citizens of the United States to participate in the subscriptions to such loan, and in allotting such bonds the several subscriptions of individuals shall be first accepted, and the subscriptions for the lowest amounts shall be first allotted." Before the bill was finally passed offers had been made by various banking houses to take the whole issue at a slight premium. Both Congress and the Administration, however, favored the experiment of interesting a large number of small property-owners in the loan, even at a loss to government. It was thought that such a measure would strengthen the national credit by giving expression to the faith of our own people in the integrity of the government. Other considerations of a political character also entered in, but with them we are not concerned. As a financial measure for the strengthening and support of the public credit it proved a phenomenal success.

The bonds were issued in denominations as low as \$20. Subscriptions were received through the post-office, and every *bona fide* subscription under \$500 was immediately accepted. More than half of the entire issue was taken by 230,000 of these small subscriptions, and no subscription of more than \$4,500 was accepted. In all 320,000 persons offered or made subscriptions, and the total amount tendered the government was \$1,400,000,000. This rush for the new bonds was not merely a matter of patriotism or sentiment. During the progress of the subscriptions the price of the bonds advanced first to 102 and finally to 105 $\frac{1}{4}$. They now stand at about 105. The lucky individuals whose subscriptions were accepted made from three per cent. to five per cent. in a few days. The popularity of these bonds was greatly enhanced by the standing offers obtained by Secretary Gage from two syndicates to take the entire loan or any part of it that was not covered by the popular subscriptions.

This method of floating the loan will cost the government a considerable amount. In the first place it lost a possible premium. How much that premium would have been cannot be estimated because the bonds were sold in a broader market than would have otherwise existed. But it would have been at least two per cent., for even at a higher rate the bonds offer a favorable basis for national bank note circulation. That is, at least \$4,000,000 was lost at the beginning. Then the cost of handling the loan, paying the interest, etc., is increased considerably by the small size of the bonds and the large number of holders. It is just as much trouble to pay the 15 cent coupon of a \$20 bond as it is to pay the \$75 coupon of a \$10,000 bond. Yet in spite of all this, the placing of the \$200,000,000 loan of 1898 was one of the most successful pieces of financiering ever accomplished by our government. It demonstrated the perfect solvency of the government; it gave us a financial prestige which went a long way toward hastening the end of the war; and it so strengthened our credit that, had the war unfortunately continued, we should have been able to obtain funds to almost any amount on the most favorable terms imaginable. With a three per cent. bond selling at 105 during the actual continuance of military operations, we can safely regard our credit as unimpaired.

The final test of the success of the financial administration of a war is the preservation of the public credit.

II.—THE NEW TAXES.

The United States government has never resorted to internal taxes, except to pay the expenses of war, and with the single exception of the Mexican War, we have waged no war without the use of internal taxes. The first system of "internal revenue taxes", as we have learned to call them, was arranged by Hamilton, 1791, in the face of the most bitter opposition. An excise was declared to be "the horror of all free states" and "hostile to the liberties of the

people." On account of the general hostility to that form of taxation—a hostility which led to armed resistance in the "Whiskey Rebellion"—the law was but feebly enforced. It was dubbed by Jefferson an "infernal system," and finally came to an end in 1802. To meet the expenses of the war of 1812 Congress again, reluctantly, resorted to internal taxation, but the taxes then introduced were never satisfactory and were hastily abandoned in 1817. From that time to the outbreak of the civil war no internal taxes were levied for the support of the federal government.

The entire absence of any internal taxes and of any elastic element in the tax-system at the outbreak of the civil war added greatly to the difficulties involved in raising the revenues needed. Beginning in 1862, a vast and complex system of internal taxation was built up. Of this comprehensive system an acute French observer said: "the citizen of the union pays a tax every hour of the day, either directly or indirectly, for every act of life; on his personal and real property; on his receipts and in his expenses; on his business and on his pleasures."*

The heavy expenses of the war debt necessitated the retention of many of these taxes even after the close of the war. As the years passed by, however, the most burdensome ones were removed. Still a sufficient number of important internal revenue taxes were permanently retained to yield about \$150,000,000 a year. The continuance of these taxes in time of peace, proved of great advantage when war broke out. That advantage was that they provided the administrative organization necessary for the collection of increased revenues. New taxes to be administered by the same machinery could be easily imposed and made remunerative within a very short time. Indeed there is almost no precedent in financial history for the immediate returns these new taxes yielded. The income from them during the very first month was over \$12,000,000.

For the reasons explained in the last lecture it was

*E. Duvergier de Hauranne. *Revue de deux mondes*, August 15, 1865.

decided to raise the larger part of the revenue needed for the war by enlarging the existing system of internal taxes. The taxes of this kind in use were of three principal classes: (1) the group on spirits, yielding, in 1897, \$82,008,543, (2) the group on tobacco, yielding \$30,710,297, (3) the group on fermented liquors, yielding \$32,472,162. The war revenue bill* doubled the rates in two of these groups and rehabilitated a large number of the taxes used during the civil war. The principles which guided the selection of the different taxes were stated by Mr. Dingley when explaining the bill to the House as follows:

"They (the Committee on Ways and Means) naturally have had recourse to the legislation of the period of the civil war, when so large an amount had to be raised, and they have found, after a careful consideration of the question of taxation, that on the whole it is better at the present time, and we trust that that may be all that may be necessary, that about \$100,000,000 additional revenue should be raised, and that entirely through internal revenue legislation. Hence the war revenue bill which has been reported provides for internal revenue taxes exclusively.

These taxes have been selected, first, because we have the machinery for the collection of them now, and they can be collected with but slight additions to the force and with but slight increase of expense. We have selected them also because they were a source of revenue successfully seized upon during the civil war, and because they are taxes either upon articles of voluntary consumption or upon objects where the tax will be paid by those who are ordinarily able to pay them; and we have refrained from putting a tax in a direction where it would be purely upon consumption, unless the consumption was of an article of voluntary consumption, so that the consumer might regulate his own tax, following what is the accepted rule of taxation in all countries, with a view of imposing the least burden and disturbing the business of the country as little as possible."

Briefly summarized the aim of the bill was to obtain the money needed as quickly as possible. The question of the equal distribution of the burden among the people was not

* Introduced in the House, April 25, 1898; passed April 29, by a vote of 181 to 131. Reported by the Senate Finance Committee, much amended, May 12. Passed the Senate, June 4, by a vote of 48 to 28. Conference report agreed to in the House, June 9, and in the Senate, June 10. Signed by the President, June 13. Went into effect the y, except where, in some cases, July 1 was specified.

raised. The revenue bill was strictly an emergency measure. Although the Senators showed a tendency to spin fine theories in regard to the operation of certain taxes, yet the equality of the system as a whole was not considered. Senator Allison said of it:

"In the first place, this bill is here only because the Government of the United States is involved in a war with a foreign country. If there were no war, there would be no necessity for this bill; and therefore it may be truly called, what it is denominated, a war measure."

It is not perhaps surprising, then, that the bill which was framed in this spirit contains a heterogeneous collection of taxes. It does not cull the fruit systematically from the orchard of industry, but plucks only a part of that which is most easily reached. The bill does not establish a system of taxation, but a group of taxes which absolutely defies classification.

We may study the war-revenue bill under the following divisions: (1) Taxes already in use, the rates of which have been raised. (2) New excise taxes. (3) New business and corporation taxes. (4) Transaction taxes and business taxes in the form of stamp taxes on business documents. (5) Miscellaneous taxes.

Of the three groups of internal taxes in use at the time the revenue bill was presented, one, namely, that consisting of taxes on spirits was left untouched. The rates imposed on the other two were doubled with the exception that the special taxes on dealers in beer and on brewers were left unchanged.*

The tax imposed on dealers in tobacco prior to 1890 was restored. The restoration of the tax on dealers in tobacco was regarded partly as a measure to enable the officers better to enforce the law in regard to the taxation of tobacco and cigars. No explanation was advanced during the discussion of the bill in Congress for not raising

*Tax on beer, ale, and porter, increased from \$1 to \$2 a barrel, discount seven and one-half per cent. Tax on tobacco and snuff, twelve cents a pound; cigars and cigarettes, over three pounds per 1000, \$3.60 per 1000; of less weight, cigars, \$1, cigarettes, \$1.50.

the rates on spirits. Had that class of goods been treated as beer and tobacco were treated, no other taxes would have been necessary. With the improved methods of administration now in use there could be no reason to fear the wholesale evasions which vitiated the attempt to levy high rates upon spirits during the civil war. If, as was suggested in the last lecture, tea and coffee had both been made to contribute, and as now suggested, spirits had been treated as beer and tobacco were, we should have had ample revenues with the least possible additional cost. The amounts would have been:

Tea.....	\$ 10,000,000
Coffee.....	70,000,000
Spirits.....	80,000,000
Beer.....	30,000,000
Tobacco.....	30,000,000
Total	\$220,000,000

This is \$70,000,000 more than the new taxes which were imposed yield, so that the additional rates need have been but two-thirds of the increase suggested. Indeed, an increase of half the amount suggested in the taxes on tea, coffees, spirits, beer, and tobacco would have furnished over \$100,000,000, or more than the amount which the House Committee on Ways and Means thought necessary to raise by taxation. It is needless to say that such taxation would have been very much more easily borne by the people than the multitude of new taxes imposed. Had that plan been followed there would have been few of us who would know by actual experience that we were paying the expenses of a war.

New excise taxes to be collected by the use of stamps were imposed on patent and proprietary medicines and toilet articles, on chewing gum, and on wine.*

* MEDICINES AND TOILET ARTICLES.

Retail Price of Packages.	Stamp.
1 to 5 cents	of 1 cent
5 to 10 cents	of 1 cent
10 to 15 cents	of 1 cent
15 to 25 cents	of 1 cent
For each additional 25 cents.....	of 1 cent
Chewing gum, 4 cents for each package of not more than \$1 in retail price and 4 cents for each additional \$1 in retail price, or fraction thereof.	
Wine, per bottle of one pint or less, 1 cent; per bottle of over one pint, 2 cents.	

Little can be said in favor of these taxes; they strike a vast variety of different articles of consumption and their effect is anything but uniform. Consumption is a very poor basis for taxation. The rates are so moderate, however, that there is little temptation to shift the taxes and the articles taxed are in many instances monopoly products, the prices of which, it may be assumed, are already as high as they can be made without decreasing the sales. In some instances, therefore, these are not taxes on consumption but taxes on the profits of monopoly businesses. There has, indeed, been no general tendency to increase the prices of these articles. To be sure the imposition of the tax has checked the tendency to cut rates and to that extent may be said to have raised the prices of some articles widely regarded as necessities, but that effect will be only temporary. While, therefore, these new excise taxes have not added a very desirable element to our tax system, they are not seriously harmful.

The new business taxes are of two classes. The first are those laid on bankers, brokers, museums and concert halls, circuses and other public exhibitions, bowling-alleys and billiard and pool rooms.* The second are those on refiners of petroleum and sugar and on pipe line companies.

In the first of these classes the most serious difficulties that have arisen are clearly revealed in connection with the application of the law to foreign banks. The law makes no special provision for them and they do not come properly under the general provisions. Strictly speaking a branch of a foreign bank doing business in this country has no capital located here. Such banks would, therefore, pay but \$50, the minimum tax which all bankers must pay. But as these houses often do a vast business such a tax would be obviously unfair. The law of 1864 which was partly copied in the new law was much more explicit. It provided a

* Bankers, \$50 a year and \$2 for each \$1,000 over \$25,000 of capital; brokers, \$50; pawnbrokers and commercial brokers, \$20; custom-house brokers, \$10; theaters, etc., \$100; circuses, \$100 for each State in which they do business; bowling-alleys, etc., \$5 for each alley or table.

method for determining the capital of branch banks. The total capital of the bank was to be apportioned among the different branches according to the amount of the business done by each. This method was applied to foreign banks. That old law, however, laid a tax on deposits, dividends, and profits as well as upon capital, so that the burden fell with greater equality upon all the banks. While the inequality of this tax is best revealed by the difficulty of applying the law to foreign banks, it also arises in every other case. The amount of capital used is never commensurate with the business done, nor with the ability of the bank to contribute. There are, for example, fifteen commercial banks in San Francisco. In one of these the capital is nineteen per cent. of the business being done, as measured by the total assets and liabilities; in another it is seventy-nine per cent. Although the total assets and liabilities are only an approximate measure of the bank's ability to pay, yet this comparison shows that the new tax is many times as heavy on the second bank as on the first. Generally speaking the smaller the bank the heavier this tax is likely to be. The same inequality pervades the other special business taxes. A small theater or a small circus pays the same tax as a large one. Probably some of the smaller ones will be driven out of business. Possibly, however, this is not a result to be deplored. This whole group of taxes seems to have been snatched indiscriminately from the system of internal taxes which were developed during the civil war. The old system was by no means a complete or a just one, and the scattered sections adopted in the new law form far less of a system.

The tax on refiners of petroleum or sugar and on pipeline companies which was placed at one-quarter of one per cent. on the excess of gross receipts above \$250,000 a year is the remnant of a tax on the gross receipts of nearly all corporations which was proposed by the majority of the Senate Committee on Finance. The Republican minority of that committee, however, objected to such a sweeping

tax, first, on the ground that it would burden many commodities several times over, and second, on the ground that many corporations, and especially the smaller ones, had to compete with unincorporated business houses and firms, and that the latter would be given an advantage. It was urged during the discussion that the tendency to form corporations was a public calamity, and should be checked by this form of taxation. A tax on the gross receipts of railroads, bridges, canals, express companies, ferries, lotteries, ships, barges, stages, steamboats, and telegraph and insurance companies had been used with great success during the civil war. It was proposed to renew this tax and to extend it to all corporations in spite of the fact that many of them were heavily taxed by other parts of the law. There were very large elements of injustice in the proposed tax, and the only argument advanced in favor of retaining the tax on the oil and sugar trust was that they were monopolies. The tax is not severe. It will not be above one and one-quarter cents per hundred pounds of sugar nor above one and one-half cents per hundred gallons of oil at the prevailing wholesale rates, so that there will be little temptation to shift the tax even if the companies would not lose more by reduced sales from an attempt to raise prices than they would gain by shifting the tax. There is little likelihood that the tax will affect retail prices.

A very large number of transaction taxes and of business taxes was levied in the form of stamp taxes on business documents and on the means of communication. These taxes are usually known as stamp taxes, but the name indicates merely the means of collection and shows nothing of the nature of the tax. In general these taxes are based upon a recognition of the fact that when wealth is transferred from one person to another its existence is manifested and a convenient moment occurs for the imposition of a tax. When such a transfer is accompanied by a document which is legal evidence of the title of the new owner it is easy for the government to refuse legal

recognition to such a document unless accompanied by the evidence that the tax has been paid. It is, therefore, practically impossible to evade such a tax. The most convenient way of collecting these taxes is by the sale of stamps which are to be attached to the documents as evidence of payment. There are two features of these taxes which commend them as emergency taxes. In the first place, even at a low rate they can be made to yield a considerable income, and the return is a quick one, as large the first month as at any time afterward. In the second place they are very inexpensive to administer: the taxpayer himself acts as tax-collector and when he goes to the office to purchase the stamps brings in the revenue. He cannot omit to pay his tax lest his document prove illegal. During the civil war and for many years afterward stamp taxes of this sort were in use. Many of the provisions of the old law were transferred to the new law, and the changes and omissions are rarely for the better.

It would be tedious to enumerate all the transactions which are taxed in this way, nor is it necessary, as I can comment on but few of them. The first thing that strikes one who carefully scans the long schedules of these taxes is that they are frightfully unequal. Only here and there are they graded according to the value of the thing taxed. Thus the tax on the issue of corporation stocks is five cents on each \$100 of the par value, and on the transfer of a stock is two cents on each \$100 of the par value. But the par value of a stock is a perfectly arbitrary thing, a mere name. It is usually \$100, but the true value may be anywhere from one cent to \$1,000 or over, according to the success of the enterprise. So, too, with checks and drafts; whatever the value may be, the tax is always two cents. Indeed, in this particular case the form of the tax defeats its end as a revenue measure, for it has simply resulted in the writing of fewer and of larger checks and more has been lost to the postal revenues through less frequent remittances than has been gained from the tax on checks.

All of that part of the law which deals with drafts and bills of exchange is so faultily drawn as to be practically unintelligible. The technical terms of banking are used in strange and unusual senses, and totally incongruous things, such, for example, as inland bills of exchange and certificates of deposit bearing interest are grouped together. These provisions should have been drawn by a practical banker. Had the new tax law not been supported by that patriotic sentiment which so largely aided its enforcement, this particular part of the law would have given rise to more law suits than revenue.

Included under the stamp taxes are certain taxes directed more or less vaguely at certain classes of corporations. These are the taxes on freight bills, express receipts, parlor and sleeping car tickets, telegrams and telephone messages, and passage tickets to foreign countries. The rates on the last are graded according to value, but on all the others are uniform at one cent each, except that no tax falls on telephone messages below fifteen cents. The tax on telephone messages is not collected by stamps. It is easy to see that this is a most unequal system. There has been much discussion as to whether it was the intention of the law that the stamp should be furnished by the companies or by their patrons. This is really a matter of little moment. In some cases the tax is so slight as to be entirely immaterial. In such cases the companies have furnished the stamps themselves to save their patrons any annoyance, and have not changed their rates. In other cases the tax is so severe that if the companies furnish the stamps they will be obliged to shift the tax by raising their rates, in order to live. If the tax were paid by the express companies it would vary from four per cent. of the gross receipts down to practically nothing. For doing a twenty-five-cent errand the express company would pay one cent, and no more for a shipment of \$1,000,000 in gold. The express companies have asserted that if they have to pay the tax it will take half of their profits. The tax is

also very severe on telegrams. The average telegram, it has been estimated, costs 24.3 cents and the average profit is six cents, of which the tax is $16\frac{2}{3}$ per cent. Whatever may have been the intention of the law as to who should furnish the stamp in such cases, it is clear that the tax will be shifted to the patron of the company. If it is finally decided that the company must furnish the stamp, then the rates will have to be raised, and the patron will have to pay the tax just as much as if he furnished the stamp himself. Taxes which appropriate for the use of the government from ten per cent. to fifty per cent. of the net profits of any business are bound to be shifted. Still the companies cannot escape considerable loss even by shifting the tax. If they raise the rates in order to cover the tax their business will fall off, while the expense of doing it will not decrease in like measure. If they could raise their rates without loss of business there is every reason to suppose they would do so, tax or no tax. On the other hand the public is the loser as well as the companies. In the first place it is obliged to pay the tax, or at least a part of it, and in the second place it is obliged by the increased cost to curtail its use of the facilities which the companies furnish. When taxation approaches confiscation it strikes directly at the welfare of the whole people.

It is a curious commentary on the hasty character of this legislation that the tax on those corporations against which no little hostility was expressed in Congress should be only a quarter of one per cent. of the gross receipts; while on businesses against which nothing in particular was said the tax is nearly sixteen times as heavy, or nearly four per cent. of the gross receipts.

Among the miscellaneous taxes the most interesting is the inheritance tax. The House bill had proposed certain stamp taxes on probates of wills and letters of administration. This was rejected by the Senate Committee which substituted the tax that was finally adopted. Inheritance taxes have been growing in favor in this country, as indeed

they have in all parts of the civilized world. During the last fifteen years they have been introduced in many of our States. The federal inheritance tax falls on legacies or successions of personal property only. It falls only on estates in which the personal property exceeds \$10,000. The rate is progressive in two ways. It rises from three-quarters of one per cent. on direct heirs to five per cent. on distant relatives and strangers in blood, and these rates increase as the estates increase in size, from an addition of one-half on estates between \$25,000 and \$100,000, to three-fold for estates over \$1,000,000. In the event of a legacy passing to a distant relative or to a stranger in blood, from an estate of over \$1,000,000 in personal property, the rate is, therefore, fifteen per cent. The surviving husband or wife is exempt. A similar tax was used during the civil war, but the rates were not so sharply progressive.

The main justification of inheritance taxes is found in the sudden increase in the ability of the recipient to contribute. Theoretically there is no serious objection to the tax or to its rates and general arrangements; except that the rates should have varied with the size of the legacy rather than with the size of the estate. There is no good reason why a man who receives \$1,000 from the \$1,000,000 estate of some distant relative should pay \$150 when the man who receives the same amount from the \$10,000 estate of a similar distant relative or stranger should pay only \$50. The size of the inheritance, not the size of the estate from which it comes, is the important thing. It is likely to prove very difficult to prevent evasions, especially as the tax falls solely on personal property; and the high rates offer a large reward for concealment. Our experience with the civil war inheritance tax is not reassuring in this respect; although the receipts from that tax did increase from only about four per cent. of what they should have been in 1866 to nearly fifty per cent. of what they should have been in 1870. It is so easy to conceal personal property that if persons are inclined to evade the tax they

can do so. A minor objection to this tax and one that should be remedied at the next session of Congress is that no exemption is made in favor of legacies to benevolent or educational institutions, which as the law now stands must pay the highest rates. Another objection is that many of the states now levy inheritance taxes, and in many instances the double burden will be very severe.

There is one very interesting point which should be considered in connection with some of these taxes. In spite of the fact that most of them were chosen from the list of those taxes which had been used during the civil war period and that, in their older form, they had been passed upon by the Supreme Court, there is more than a doubt as to the constitutionality of some of them at the present time. All of the decisions which confirmed the constitutionality of the particular taxes in question rest upon the same ground as that which ratified the income tax of the civil war. But the ground for the whole series of these decisions has been entirely removed by the recent decision of the Supreme Court in regard to the validity of the income tax of 1894. Briefly stated, the previous decisions in regard to such taxes asserted that taxes on the ownership or the enjoyment of property were not direct taxes within the meaning of the constitution. But in the now famous case of *Pollock vs. the Farmers' Loan and Trust Company*, which turned upon the constitutionality of the income tax of 1894, the Supreme Court held that a tax "imposed merely because of ownership" was just as much a direct tax as one imposed on the property. In the light of this decision, if an income tax is a direct tax, then an inheritance or successions tax is a direct tax and as such is unconstitutional; so too is the tax on the capital of banks, and that on the gross receipts of oil and sugar refineries. It might be urged that the tax on bankers is akin to a license and, therefore, does not come under the decision in point. But the wording of the act does not countenance any such interpretation. According to the law it is the

fact that the banker uses or employs a certain amount of capital that determines his tax. The rest of the special taxes, those on brokers, etc., are not on their property but on their business and do not come under this decision.

But there was another point decided in this same famous case, according to which these three taxes are unconstitutional, even if they are not direct taxes. It was held that, even if the income tax of 1894 was not a direct tax within the meaning of the constitution, it was still unconstitutional because it violated that section of the constitution which requires that "all Duties, Imposts, and Excises shall be uniform throughout the United States," because it did not fall equally upon all incomes. That is because a deduction of \$4,000 was allowed to be made from some incomes and not from others. If the income tax of 1894 was not uniform, what is to be said of the new inheritance tax, which exempts all successions from estates below \$10,000 and whose rates vary from three-quarters of one per cent. to fifteen per cent. upon exactly the same amounts of property? If the income tax of 1894 was unconstitutional because it did not allow corporations to make the same deduction that was allowed to individuals, what is the character of a tax which is many times as heavy on one bank as on another, or of a tax on one small group of corporations which lets all others go free? There was no attempt or intention to make these taxes uniform; and if the interpretation given to that term in the recent income tax decision is to hold, these taxes are unconstitutional. That decision was far more sweeping in its limitation of the power of Congress to lay taxes than any other that has been handed down during the century. By disregarding the long recognised principle of *stare decisis* in regard to the income tax the court overthrew almost every precedent in regard to taxation by which Congress has been guided. It seems, however, much more probable that the old principles will be reasserted and the decision regarding the income tax reversed than that these taxes will be declared unconstitutional.

Among the miscellaneous taxes there was also inserted one upon mixed or adulterated flour. The imposition of this tax is not mainly for revenue. It is for the purpose of regulation and to protect the public from unknowingly using inferior flour. On oleomargarine there is a similar tax that has been in use for some time. It was asserted in Congress that as much as seventy-five or eighty per cent. of all flour sold is adulterated by the use of ground clay, ground rock, "mineraline," or corn flour bleached by sulphuric acid. It is not claimed that all of the articles used for the adulteration of flour are injurious to health, but some of them are, and none of them has the same value for nutrition as wheat flour. The law requires these flours to be properly labeled and by imposing a stamp tax on them the government can enforce this regulation. Without such a tax the federal government would not be competent to invade this sphere of state activities. A number of penalties are imposed for failure to comply with all the regulations. From now on it will be dangerous for any person to sell mixed flour under the guise of pure flour.

The general system of taxation imposed by this law is not particularly burdensome as a whole. In some instances individual parts of the system run very close to confiscation, and the system is frightfully unequal. At the same time most of the unequal taxes can be wholly or partly shifted and the severity of the burden is thus lightened by diffusion. The inequality and injustice of the system which we have noted all through the law is, perhaps, a necessary feature of any system that is adopted in an emergency, when the time is lacking for the full discussion of a logical and just system. It emphasises the necessity, so often referred to, of arranging in time of peace a just and equitable system which can be readily expanded in time of war. During a war no nation can afford the luxury of tax reform for reform's sake. That is an enjoyment which belongs to times of peace.

Considerable comment has been made upon the fact that the bill inaugurated new taxes and opened new resources but left many better sources of revenue untouched. As has been suggested in this lecture, it would have been possible without the inauguration of a single new tax to raise all of the revenue needed. But whether this were by design or by accident it is strictly in accord with the best policy for the financial management of a war. In the first place, as a political measure, it is justified because it brings the cost of war very forcibly to the attention of the people. But in accordance with the principles outlined in the first lecture it is of the utmost importance that the war financier should not exhaust his resources at an early date. All along through the early stages of the war his aim should be to multiply resources and to preserve some large ones for the later and more desperate stages of the conflict should they arrive. Thus it is wiser to initiate new taxes at the commencement of the war, which will grow more and more productive as time goes on than to draw too heavily upon the resources afforded by the existing system of taxation unless that system is fairly comprehensive and equitable. As the war proceeds it becomes more and more difficult to establish new taxes and their yield is then often dubious. Unless new resources are opened at an early date they may never be available. Then again, the main purpose of taxation in time of war is to sustain the nation's credit. The provision, by new taxes, of revenues for conducting the war is of secondary importance. Much strength comes to a nation's credit from the reservation of obvious sources of revenue for future uses. In spite of the many faults of the tax system imposed by the new law when viewed by itself, we must admit that as a war-revenue measure it was a brilliant success. It will be judged in no other light if it is promptly abolished at the end of the war.

III.—READJUSTMENT OF THE REVENUES.

Although the war is over we cannot yet count the cost. Many of the war expenses still continue. Some of the troops have been discharged, but large numbers are still in the ranks. The territories we have conquered must, for the present at least, be garrisoned. These garrisons must be maintained until a final settlement is reached and perhaps for a long time thereafter. Even after the terms of peace are finally settled there will be many expenses due to the war, such as those connected with the return of the troops to their homes. It is highly probable that the new territories we have acquired will be a source of expense for many years to come. An "imperial policy" demands imperial revenues.

Our federal system of taxation has for years been falling into disorder and will not readily respond to new demands. The war and its consequences will but hasten the development of changes that were inevitable. When Congress meets in December our finances must be rearranged on an entirely new basis. Our new peace revenues must be larger than those we had before the war. Judging from the present temper of the country, we shall have a vastly larger army and navy, both for the home service and for our colonies. Eventually Cuba, Porto Rico, and the Philippines may be able to furnish a considerable part, if not all, of the revenues needed to support the government there. But for the present, at least, that is impossible. In addition to the expenses connected with the enlargement of our army and navy and the government of our new possessions there will undoubtedly be many new expenses incidental to the change in our policy. There is already a strong demand for government aid in the construction of the Nicaraguan Canal. Probably there will also be demands for subsidies for the construction of a Pacific cable, and for shipping to follow the flag into new commercial fields.

Many estimates have been made of the probable increase in the demands upon the Treasury after the war. There is no safe ground for such estimates and they are most of them utterly worthless. But although we cannot at the present time tell anything definite about the amount of the probable increase in our needs, yet it is obvious that our old peace revenues will not be sufficient. That means that the new taxes must be continued or some others substituted for them which will add to the revenues we have been receiving in the past. How the increased revenues will be obtained becomes, therefore, a question of much importance.

In the first place, the principles governing the *fiscus* during a war are, as has been shown in the other lectures, very different from those which guide it during peace. It is practically impossible to run along under the present arrangements. Our new taxes are unequal and crude. They were adopted in an emergency. Better and far more available resources were left untouched. The main object of the financier during a war is to preserve the nation's credit, and to that end he should reserve some of his best resources for the time of greatest stress. Consequently the first emergency taxes are not apt to be well distributed. Fortunately in the present case the time of greatest stress, for which, as we have seen, such careful preparation was made, never came. But one advantageous result of the ample provision made is that we are now in a position to deliberate properly on the new system which is to be adopted. We have funds enough on hand to carry us safely and comfortably over the intervening period. If the estimate made in the first of these lectures is approximately correct, there will be a surplus fund of about \$100,000,000 with which to wind up the expenses of the war and to start on the new regime. With this ample surplus we should be able to afford the luxury of a thorough tax reform.

Winding up the expenses of a war is not an easy process. Ordinarily government accounts are so carefully kept and every receipt and expenditure so carefully checked

that the exact condition of each department can at any time be accurately stated. But at the close of a war this model condition is not found. During the progress of a war the public accounts usually become badly involved. Thousands of men have been granted the power to spend public moneys. This spending is often done under circumstances which do not admit of strict control. "Red-tape" must be cut, not unwound. The commissary in the field must get supplies as best he can. Unaudited and unsettled claims accumulate, which cannot be investigated until some time after peace has been declared. Indeed, there are many claims that do not reach the Treasury for a long time. At the close of the civil war there were claims of this character amounting in March, 1865, to about \$285,000,000. Most of these claims bear interest at a high rate and must in consequence be adjusted as soon as possible. The very first care of the financier at the close of the war is the adjustment of these unsettled claims.

The next step is, in most cases, the conversion of the public debt. War usually weakens public credit and the borrowing that goes on is not often on the most favorable terms. After the war and with better credit it is usually possible to reduce the interest charges. For the reasons already explained our credit was not in the least affected during the late war, and as the war was of short duration there are no debts that need adjustment or admit of conversion. Fortunately, therefore, this step does not need consideration.

These two things attended to, it is possible to devote proper attention to the removal, reduction, or readjustment of the war taxes. In the present case, for the reasons just stated, we cannot hope for much decrease in the sums required by the government. Readjustment rather than reduction is required. The new taxes imposed for the support of the war are not upon sources that can long be drawn upon without far-reaching changes in our industrial and economic conditions. The public revenues are simply

a certain part of the wealth produced by the people, drawn off by common consent to be devoted to the accomplishment of certain common ends. If more is drawn from the wealth produced by any given industry than is drawn from the others, that industry tends to decline, and if the burden is very severe the industry finally passes away entirely. History is replete with instances in which whole classes of the population have been ground down by unjust taxation, until they either disappeared as a class or saved themselves only by revolution. Taxes need not be severe or the amount raised excessive to establish a tendency which will eventually bring about this result. They need only to be unequal. One of the most potent causes of the failure of agriculture to advance in this country as other industries have advanced, and one of the most obvious causes of the depopulation of the rural districts is unjust and unequal taxation. The taxes paid by our farmers are not very severe judged by the standards of some other countries, but so long as the farmer has to pay double the taxes paid by other classes of the population the agricultural industries of the country will not thrive.

There is a comforting but superficial doctrine held by many people in this country which is denied by the plainest teachings of financial history. It is known as the diffusion theory of taxation. It has even been laid down as a general principle that "taxes equate and diffuse themselves, and if levied with certainty and uniformity they will, by a diffusion and repercussion, reach and burden all property with unerring certainty and equality. All taxation ultimately and necessarily falls on consumption."*

Such a theory as this may do to blunt the conscience of a legislator who is too busy "keeping solid with his constituency" to devote much attention to the bill to provide revenue for the support of the government. But it provides little consolation to those who cannot

*David A. Wells, in the article on Taxation in Lalor's *Cyclopedia of Political Science*.

keep up in the race with their competitors because they are obliged to carry more than their share of the burden of supporting those institutions which are established for the benefit of all. If the tax on banking makes that business relatively less profitable than some others, capital will inevitably be withdrawn from banking and directed into other channels. This process will proceed until the supply of capital invested in banking has decreased, as compared with the demand, sufficiently to enable a higher profit to be commanded by that which remains. So far as the capital remaining in this business is concerned the tax has been shifted. But the business community which now pays the tax is also deprived of its accustomed banking facilities and is obliged to get along with less than is desirable.

The principle involved here is very simple. It applies to every tax which is not general in its application but which falls upon one or two industries only. It is reasonable to suppose that every producer or seller is now getting the highest price he possibly can for his wares, or at all events is charging that price which in the long run will yield him the largest possible profits. If a tax is imposed upon one commodity while others are free, the present producers of that commodity cannot get a higher price merely because they wish to reimburse themselves for the new expenses in the form of a tax. The mere imposition of a tax on this one commodity does not increase the demand for it and only as certain producers withdraw from the business and thus decrease the supply do prices rise. If the tax is shifted in the form of higher prices by those who remain in the business, it is because the production of the commodity in question has been curtailed. Those who remain in the industry get the average rate of profits. But there has been a more or less important transfer of capital and labor to other lines. The community is not altogether so well off, because it is obliged to get along with less of the commodity in question than it has been accustomed to. The enjoyments, or the well-being of

society, are thus curtailed, and society has to console itself with other things which are less satisfactory. Capital has been directed into channels not ordinarily so profitable which, consequently, are not so valuable to the community. Then, again, among the consumers to whom the tax is thus partly or wholly shifted there is the greatest variety in ability to contribute to the support of the government. The tax is, therefore, still very unfair. Expenditure is of all bases for taxation the least equitable. Who finally bears the tax is of no immediate concern here. What we need to remember is simply that unequal taxation changes the course of industry, diverting it from old channels and directing it into new ones, which are usually less advantageous, because heretofore less successful and conspicuous. And when taxation is directed partly by jealousy and envy of business success and is placed upon those enterprises which have made themselves conspicuous by their success, it directs industry from those lines in which success has proved the necessity of enterprise and capital and drives it into lines in which it is bound to be less advantageous to the community.

As was shown in the last lectures, the new war taxes fall very unequally upon different industries, and will in many instances have to be shifted to the consumers, if the taxed industries are to live at all. And we now see that the very process of shifting drives capital and industry into new and less advantageous channels. The conclusion is obvious. We cannot and should not attempt to continue our present taxes longer than is absolutely necessary. The retention of these taxes merely because they yield the additional revenue needed is anything but wise. A new system, just and equal in its operation, is absolutely necessary.

It is a curious historical accident that our federal government has never, until the present time, been obliged to consider seriously what constitutes justice and equality in taxation. From the beginning the tariff has been the leading feature in our national finances. At first resorted

to in an emergency as a revenue measure, it has been maintained ever since for political reasons. Except under stress of war, or to meet the expenses occasioned by war, we have had an income sufficient to meet all our needs from the incidental revenues yielded by a measure intended primarily to encourage home industries by the restriction of importations and of foreign competition. There have been but five years in our entire history in which the internal revenues exceeded the customs revenue and those five years were 1864 to 1868. Since the main portion of our revenue system has been dictated more by political than by financial reasons and purposes we have not gathered any useful precedents which can guide in the reform necessary. The problem to be solved has never presented itself to our statesmen before this in any form. At the close of the war of 1812, we entered finally upon the protective policy which with scarcely an interruption has dominated our finances ever since; at the close of the civil war we were called upon to reduce our revenues by the removal of the larger part of that heterogeneous mass of incongruous taxes which had been levied for war purposes. At the close of the Spanish war we have a similar jumble of unjust taxes, which we adopted in an emergency and which have served their turn; but otherwise the conditions confronting us are entirely new. After the war of 1812 the newly espoused protective system promised to afford sufficient revenue to meet the increased expenditures. In 1866 we were receiving revenues far in excess of possible needs and the problem, although complicated by other factors, was mainly one of reduction. But in 1898 we have a wretched *extempore* system of internal taxation, one of the many heritages of our lack of preparation for war, and yet we cannot dispense with the revenues these taxes yield. The question is, therefore, purely one of tax reform; and one which must be settled, so far at least as the internal taxes are concerned, solely by financial considerations.

There are still other reasons why the government should

turn its attention seriously to the problem of creating a new and just system of taxation. The revenue-yielding power of the tariff has been for years declining. Whether by reason of the protection afforded by the tariff or because of their own natural strength domestic manufactures have so increased that foreign supplies are less necessary. In 1897 the government received less than \$6,600,000 from iron imports valued at about \$16,600,000, while in 1888 the customs revenue from iron was \$20,600,000 and the imports which paid these duties were valued at \$50,600,000. This is, perhaps, the most striking example, but the same tendency can be observed very clearly in other cases. The decay of the tariff will be hastened by the new policy. For a considerable part of the dutiable imports which really afford a revenue comes from our newly acquired colonies, if they may be so regarded. From 1892 to 1894 the imports from these sources amounted to ten per cent. of our total imports. But the revenues which these imports yield constitute a far larger percentage of all the revenues, because they include some of the best revenue-yielding articles, such as sugar, tobacco, and hemp. If these imports are all to be admitted free of duty there will be a large decrease in our customs revenues. It has been estimated that five-eighths of all the sugar imported into the United States in normal years comes from our new acquisitions. At the present rates this sugar imported would yield, perhaps, \$50,000,000 a year in revenue. So that unless we continue to treat our colonies as foreign countries we shall not only incur increased expenses for their government but lose the large revenues now obtained from the duties on their products. Unless the tariff is revised from a fiscal rather than, as has been the case in the past, from a political point of view, it must inevitably surrender its place as the main source of revenue.

The principles according to which the new system of taxation should be arranged are simple and evident, but their application will be most difficult. Taxation should be in proportion to ability. Each man should contribute to

the common good according as he is able. If the burden of taxation is evenly distributed so that each man's load is proportioned to his strength, it is easily carried.

But in the application of these simple, self-evident principles to the reform of federal taxation there are many difficulties. In the first place the federal government is debarred by an unfortunate interpretation of the constitution, from using that form of taxation, which should make the backbone of any correct system. That is direct taxation. In the second place the maxim that taxation should be in proportion to ability applies to the system as a whole, to the totality of taxes paid by the citizen, and not to any part by itself. The federal government is not the only taxing authority in the land. There are also the States and their different local divisions. There are few citizens who do not pay taxes to at least four different authorities, the federal, the state, the county, and the city or town governments, and in some cases eight or more different authorities may attack the same unfortunate individual with their tax bills. To establish an equitable system under such conditions requires a sharp definition of the field of action for each different authority. Fortunately we have such a division practically established by law and custom. In a general way the States cannot levy indirect taxes, nor the federal government direct taxes except by apportionment, and that is so obviously and wickedly unjust as to be excluded. It is foreign to my present purpose to discuss the division of the field between the State and its local divisions. But although the federal government is confined to indirect taxes there is danger that these taxes may draw from the same sources that the state taxes draw from. The States may tax the property or the income it yields directly and the federal government may lay an indirect tax upon the same wealth in process of transfer or acquisition.

A third group of difficulties besets the establishment of a new and equitable system of taxation for the federal

government. These are political in character. A strong political party insists upon the continued recognition of the political features of the tariff. Protection must be maintained and any revision of the tariff for fiscal purposes must not interfere with that. It would be useless to discuss any plan which did not allow for this fact, and it is equally useless to discuss the advisability of protection, for that is now the settled policy. If for revenue purposes a tax is placed on the raw materials required in any protected industry compensatory duties must be added to the duties on the manufactured products. These difficulties are too familiar to need any explanation here. Other forces in the political field make for the use of the taxing power for purposes other than revenue. It is so easy to make political capital by placing destructive taxes on the "money power," on "Wall Street," on corporations and trusts, etc., that when it is proposed to make these elements bear their fair share of the burden of supporting the government under which they thrive, voices are sure to be heard demanding that the burden be greater on these than on any other elements. When behind this cry there is the threat of a new sectionalism, these voices become extremely powerful.

But this third group of difficulties is not new, nor is it peculiar to our own country or time, except in its specific manifestations. In all times and in all countries the power of taxation has been used by those politically strong to strengthen themselves and to oppress those politically weak. It would be unreasonable to expect that our own government would escape similar influences. Our government is too much of the people to be really for the people.

Such being some of the difficulties in the way of the realization of the ideal system, what plans are practically available? Among the most prominent plans presented in the last Congress was one for an income tax. This was rejected because it was felt to be impossible to frame an income tax law which would be constitutional in view of the recent decision of the Supreme Court in reference to

the income tax law of 1894. Various plans were suggested for overcoming this adverse decision. Among other plans it was proposed that the Supreme Court should be "packed" to secure a reversal of the obnoxious opinion. This suggestion is revolting to every honest citizen, whatever view he may take of that decision. We have learned by the experience of a century that the Supreme Court always stands for the best good of all. The only proper way in which we can overcome the legal verdict of the Supreme Court is by a constitutional amendment. There is little doubt that an amendment intended to give the federal government the right to use any system of taxation that may seem advisable would be eagerly adopted.

But until such an amendment is adopted, it is useless to discuss a federal income tax. Moreover, it is quite possible to arrange a just and equitable system under the present distribution of powers, and it is at least a debatable question whether the income tax should not be reserved for the States, rather than be used by the federal government. At present, the taxes used by the majority of our States are frightfully unjust and oppressive, and the best substitute for them is an income tax. A fairly satisfactory system could be arranged consisting of indirect taxes for the federal government, income taxes for the States, and real property taxes for the local divisions. At all events this is the best solution possible under the present constitutional laws. The future development will undoubtedly require a different system and for that reason it is to be regretted that the taxing power of Congress is so limited. So long as the State governments continue an important part of our political system their financial support must be assured, and the form of taxation best adapted to their use is the income tax. An "imperial" policy will necessarily lead to greater centralization in our political system and gradually the functions of the States will be absorbed by the federal government. Indeed the movement in that direction was already clearly discernible even before the war. A uniform

bankruptcy law is but the beginning of federal economic legislation. We already contemplate a uniform divorce law as a desirable probability. That is the beginning of federal social legislation. The federal government has already begun to regulate adulterated foods. With the increase in the federal military power the State militia sinks in importance. In short there is a decided tendency to diminish State activities. That the "imperialistic" movement will strengthen these tendencies goes without saying. The importance, therefore, of reserving the income tax for the use of the State governments decreases as the power and functions of the federal government increase.

Inasmuch, however, as we have a present problem to solve we must solve it in the light of the present powers of Congress. Viewed in this light there is but one course for Congress to pursue. That course consists in raising the the required revenues by the least objectionable indirect taxes. The selection of the articles to be taxed in this way so as to form a fairly just and equitable system is no easy matter. In order that the revenues obtained be sufficiently large the articles taxed must be of large consumption. In order that the expenses of collection be not unduly increased the number of articles taxed must not be great. But a tax on the articles consumed by the largest number of persons falls more heavily on the poor than on the rich. What the rich man spends on tea, coffee, sugar, tobacco, and beer is but a small fraction of his income. What the poor man spends on these is relatively a large part of his wages. The luxuries of the rich can be taxed to round out the system a little, but the taxation of luxuries is not productive of much revenue and the expenses of collection are relatively great.

In short, no system of indirect taxes arranged with a view to getting a satisfactory revenue can be altogether just and equitable in and of itself. It must be supplemented by other taxes. The taxes levied by the States and cities should, to make a well rounded system, be

graduated so that the men who already contribute heavily according to their ability for the support of the federal government should have some relief from the other burdens.

The experience of all nations has shown that the closest approach to justice possible in the use of a system of indirect taxes consists in laying moderate taxes on such articles of wide consumption as salt, tea, coffee, sugar, and beer; heavier taxes on such luxuries as wines, liquors, tobacco, and silks. In this connection the actual systems of other countries are instructive. England has customs duties on spirits, beer, tea, tobacco, wine, coffee, and a few other articles; and excises mainly on spirits and beer. The articles in the French tariff which yield any considerable revenue are coffee, grain, sugar, petroleum, wine, and cocoa; the principal excises fall on wine, spirits, and tobacco. German excises fall on drinks, tobacco, and sugar; and her list of revenue-yielding customs duties is about the same as that of England with the addition of grain.

As was suggested in the last lecture, the United States could obtain ample additional revenue (retaining the protective system unaltered) by a slight increase over the old rates in the internal taxes on tobacco, spirits, and beer, and moderate taxes on coffee and tea imported. If to this list there be added taxes on wines and other luxuries, we should have a fairly satisfactory system without heavy rates on any one article. Summed up in a few words the conclusion is, that Congress should first abolish the unjust and unequal taxes imposed in an emergency by the war-revenue bill. Then as a second step, the tariff should be revised; not by juggling with the protective rates, which so long as they remain protective can never be made to yield any considerable revenue, but by adjusting the rates upon the revenue-yielding imports. There is nothing in this suggestion that should in any way rouse the opposition of either party. And lastly there should be established a system of excises or internal indirect taxes on those luxuries and comforts of universal consumption which the experience of

nations has shown to be most productive of revenue. In short, the federal government should obtain its revenues from indirect taxes on articles of widest consumption and lay no taxes upon capital or upon industry.

It may be urged that such a system of federal taxes would not, considered by itself, lay sufficient burden upon men of wealth. But the federal system is only a part of our tax system and it is not the part in which the final adjustment of taxation to ability should take place. When properly supplemented by the State and local systems of taxation, these taxes will form a fairly complete system, which, while far from perfect, will be a great advance upon the present system.

BISMARCK.*

By BERNARD MOSES.

When a great man dies with his work finished, the dominant sentiment of thoughtful men is not regret for his departure but gratitude for his existence. Bismarck had filled the measure of human years, and wrought more than the ordinary measure of human achievement. He had earned his emancipation. He raised for his countrymen a new political ideal, and devoted his marvellous powers to its realization. He served his nation with an unwavering purpose and with unflinching courage through evil and through good report. He entered upon his work in behalf of his country without the approval of the people. He was not a democratic hero, nor did he discern the virtues of democracy. When he became the first minister of Prussia he could not have received ten per cent. of the suffrages of his fellow-citizens for the humblest office in the kingdom. He obtained power through appointment by an absolute king, and wielded this power with little regard to the popular voice. Yet he worked always for the welfare and the glory of his people. It was not, however, the multitude of his labors nor the final approval of his nation that gave him rank among the greatest of his countrymen. Such a position is not awarded by popular vote; it is reached only by the statesman of prophetic vision. The

*The English address at the *Gedächtnis-Feier zu Ehren des Fürsten Bismarck*, Metropolitan Temple, San Francisco, September 18, 1898.

world accords greatness only to him who foresees the movements of the future, and directs his activity in a line with the unconscious forces that make for human progress. It is possible to oppose and neutralize these forces temporarily; for a period one may swim against the current in the stream of time, but ultimately the waves will sweep over his exhausted form and carry him and his work into oblivion.

But Bismarck's work was in line with the most fundamental movement of these last decades,—a movement which manifests itself in bringing individuals into larger groups, and supplanting existing institutions with larger organizations. He may not have been conscious of an effort to conform his acts with the spirit of the age, for the spirit of the age was in him, and brought him into harmony with the forces that are remaking the world. The evidences of this spirit in its highest manifestation are not to be found in a movement towards monarchy or in a movement towards democracy; but are revealed in the creation of larger social aggregates, in the extensive substitution of corporate bodies for individual persons, and in the uniting of petty political societies into great states of expanding dominion. It is not, therefore, especially significant that Bismarck was a monarchist. He had a specific practical problem to solve, and in the monarchical establishment of his country he found the most effective means for a solution. Under other circumstances, as in drawing together individual republics and consolidating their power in one great republican state, another leader would have used other means. He would have consulted the methods of democratic action, and listened with greater solicitude to the voice of public opinion. But either in such an undertaking or in the actual achievement of the great German, viewed as a feature of the world's progress, the fact of supreme importance is not the means employed but the end achieved; and the achievement of Bismarck, in uniting into a great nation the bulk of the German

people, has the sanction of the historic tendency of social development.

There is no doubt that Bismarck saw very early the need of an empire, or the domination of one great state. He saw in this the only cure for the political wretchedness of Germany. The multitude of little states had bred small politics, and fostered the provincial spirit. The establishment of an empire involved the creation of more comprehensive sympathies and a wider political horizon. This transformation could not be wrought by a constitutional convention, and of this ample evidence was furnished by the hopeless outcome of the Parliament of Frankfort. The problem to be solved was not merely to draft a constitution that would formally provide for the unity of Germany, but so to change the current and substance of popular thought that the constitution formulated to secure unity would be a true expression of a national spirit. To achieve this result, there was need of some agency stronger than the existing public opinion; an agency that would fuse into one larger homogeneous whole the ideas and sentiments and patriotism of the smaller states.

For a thousand years in Germany the forces of union had contended with the forces of disunion, and in all this period no permanent gain had been made in behalf of unity. The mediæval imperial power had faded to a mere shadow, and the subsequent confederation provided only the name of a central authority. At last a statesman arose who was unwilling to admit that the cause of union was lost, and who dared to become its champion. Relying on his extraordinary powers and the wisdom of the king of Prussia, he essayed to turn back the political tendency of ten centuries, and set up a great state in place of the feeble monarchies that had ruled the German people. Bismarck saw that the initiative must proceed from Prussia, and he appreciated the magnitude of the task which the Prussian minister would be expected to perform. It was a knowledge of the burdens which, as prime minister, he would be

obliged to assume that made him shrink from accepting the grave responsibility. He knew that it would not be possible for the majority of his fellow-countrymen, in the beginning, to see the purposes of his activity as he saw them, or to approve the means which he knew to be necessary to the attainment of these purposes; and that by reason of their lack of prophetic vision and their strong conservatism, the attitude of his fellow-citizens would be that of uninformed critics or partisan antagonists. But when he had put his hand to the task, all hesitation disappeared, and the best years of his life were filled with efforts to realize his great design. He saw that Germany must be plowed and harrowed by war before it would produce the crop he wished to harvest. And in this most important creative period of his activity he was less concerned about what the people thought than about the correctness of his own decisions. If he sought popular recognition, it was rather the appreciative opinion of later generations than the approval of his contemporaries. For him, as for any man of original thought and independent will, there was more satisfaction in being right than in being applauded. Yet he lived to receive the applause of his countrymen, and to make himself the most conspicuous figure of the Western world.

Associated as I was with the youth of Germany in those eventful years, sharing with them the nation's generosity manifest through its institutions of learning, and moved by their patriotic enthusiasm, I am enabled to remember Bismarck's impressive presence in the Reichstag, as he advocated and defended the interests of the empire. Standing in the prime of his most vigorous years, his magnificent frame erect, the lines of his face indicating the champion of a great cause, supported by the prestige of the campaign in France which had given the world a new Cæsar, and filled with the consciousness that his great undertaking had not failed, he seemed to combine in himself in an almost unparalleled degree the elements of individual personal power.

I remember another scene in the great historical drama of the empire. The war with France was ended, and the trophies of victory were gathered in the German capital. Two lines of captured cannon, extending from the imperial palace for miles towards the suburbs, indicated the line of the triumphant march. At the head of the victorious host, entering the city, rode the Emperor, already in his seventy-fifth year, yet in the full possession of his remarkable powers. After him came the leaders of the army and the rulers of the subordinate states in the empire. Below the statue of Frederick the Great, in front of the palace, they halted to review the passing troops. No more distinguished company than this was ever gathered on the soil of Germany, and conspicuous among the heroes of the nation, in the white uniform and gilded helmet of his favorite regiment, rode the stalwart form of Bismarck. All day a compact column, its bayonets and lances glittering in the sun like a river of steel, moved rapidly through the city. As the last battalion passed the Emperor and his suite, and disappeared beyond the castle, the ceremonious display of the power of the state and the dignity of the state was over. Bismarck's dream of an empire was realized, and his place was fixed in the history of his country.

It is not fitting on this occasion that I should define this position or anticipate the judgment of history. The world knows Bismarck, and will not forget to extol his strong character, his clear vision, and his undaunted courage. While you revive the memories of the fatherland, and cast your wreaths at the foot of his monument, I bring the spiritual tribute of a nation that has not ceased to admire the strength and daring of the heroes of our common race.

THE PHEBE HEARST ARCHITECTURAL PLAN.

Mr. J. B. Reinstein, member of the Board of Regents, returned to California on Saturday, the fifth of November. His visit to Europe was for the purpose of participating in the examination of the plans for University buildings, which had been offered in competition, in accordance with the prospectus or programme issued in August, 1897. The following is the substance of a statement concerning the competition and award, made by Mr. Reinstein on the day of his arrival in San Francisco:

By the terms of the programme all the plans were to be deposited with the United States Consul at Antwerp on the first day of July, 1898. The authorship of all such plans was kept rigidly secret, and an international jury of award was selected by the Trustees, consisting of Mr. J. L. Pascal, representing France; Mr. R. Norman Shaw, representing England; Mr. Paul Wallot, representing Germany; Mr. Walter Cook, representing the United States; and Mr. Reinstein, representing the University. The object of the preliminary competition was to determine what architects, not less than ten in number, should enter the second competition to produce the final plan. In the first competition each architect selected is to receive a prize of not less than \$1,200; and in the second, the sum of \$20,000 is to be distributed in prizes among a number not less than five.

The jury met in Antwerp for five days, from September 30 to October 5, and, as a result of their labors, eleven

persons were unanimously selected to go into the second competition. They were: D. Despradelles and Stephen Codman of Boston, Mass.; Howard & Cauldwell, New York; Lord, Hewlett & Hull, New York; J. H. Friedlander, New York; Howells, Stokes & Hornbostel, New York; Whitney Warren, New York; Barbaud & Beauhain, Paris; Edouard Benard, Paris; Heraud & Eichmuller, Paris; F. Blunschli, Zurich; and Rudolph Dick, Vienna.

It appears from the list of successful competitors that six of them are Americans, three are Frenchmen, one is a German, and one a Swiss. All of them are former students of the School of Fine Arts in Paris; and it is noteworthy in this connection that three members of the jury of award had never been connected with that School. The method adopted for keeping secret the authorship of the plans was carefully carried out.

Each plan contained a device or symbol, and accompanying this plan was a letter containing a similar device or symbol, and the name and address of the author of the plan. This letter was sealed and inclosed in another envelope containing the name and address of the person, firm, or corporation to which or to whom the plans should be sent in case its author was unsuccessful. This envelope was sealed and inclosed in a third envelope addressed to the United States Consul at Antwerp. The plans were also inclosed in sealed packages, each package containing the three envelopes above referred to.

On the thirty-first day of July all of the plans were sent, sealed as they were received, to the Director of the Royal Museum of Antwerp. The authorities at Antwerp caused two wings of the Royal Museum to be stripped for the exhibition of these plans. They were thereupon mounted on stretchers by the Director of the Museum, and the device upon the plan was immediately covered and sealed, and the whole plan was thereupon covered with opaque paper and sealed, and all the plans, numbering over a hundred, were thereupon placed on easels, and they were

so sealed when the jury entered the room of the Royal Museum. The covers of the plans were then broken, in the presence of the jury, but the seal upon the device on the plan and the seals on the envelopes were not broken until the final decision was made, selecting eleven persons. Thereupon the seals on the plans and the envelopes of these eleven persons were broken for the first time, and no other seals whatever were touched by the jury.

The jury proceeded by the process of elimination, and after having put aside a certain number of the plans as unworthy, they checked this elimination until finally only twenty-one plans were left for the consideration of the jury. Thereupon each member of the jury, by himself, without the counsel or suggestion of any other member of the jury, selected twelve numbers, the plans all having been numbered, and on retirement to the jury-room it was found that only sixteen plans had received votes from the members of the jury. Thereupon the jury proceeded to examine again the twenty-one plans, and upon retirement a second time to the jury-room it was found that eleven plans had received each five votes, and four other plans had received a number not exceeding two votes. Thereupon the eleven plans were selected and the seals were broken, with the result above stated.

On learning that four plans had received one or two votes of the members of the jury, Mrs. Hearst suggested that negotiations should be opened with the authors of these four plans, with a view of rewarding them for their work. It may be of interest to know that of these four plans one was by an American, one by a German, and two by Frenchmen, and that all four of these were men of international reputation. It is of interest also to know that the eleven architects selected were all men of commanding ability, and universally so recognized.

The authorities at Antwerp, consisting of the Burgomeister and Echevains (the latter corresponding to our Supervisors) gave a public reception at the City Hall to

Mrs. Hearst and the members of the jury, and during the time the latter were not working public banquets and receptions were exchanged, to which the officials of Antwerp and the United States Minister to Belgium and the United States Consul at Antwerp were invited. The proceedings of the jury were conducted with the utmost harmony. Mr. Pascal, president of the jury, and Dr. Paul Wallot, the vice-president, both took occasion to say that no competition in their experience had ever been conducted with such care and skill and with so successful a result. Mr. Shaw and Mr. Cook concurred in this opinion. Mr. Pascal also stated at the public banquet given to Mrs. Hearst, that all the persons concerned had a right to be perfectly satisfied with the result and a right to hope that the plan finally selected would indicate grounds and buildings finer than any now in existence for a similar purpose. The competition showed, moreover, the great advantage to architects of training and study at the School of Fine Arts of France.

On the evening of Mr. Reinstein's arrival from the steamer in New York, October 27, the New York architects gave a banquet in honor of Mrs. Hearst, at which all the leading architects of the city were present.

It is expected that the European architects will all reach New York about November 15, and will then, together with the winning American architects, visit the grounds at Berkeley, their expenses being defrayed by Mrs. Hearst. The final plans will be submitted to the jury at the Mark Hopkins Institute of Art on or about the first day of September, 1899, when the original jury will be present to make a final award. The plans will then be submitted to Regents of the University.

THE LIBRARY.

The University Library has at last received the collection of books devised by the late George Morey Richardson. The scholarship and broad culture of the man are clearly indicated by the character of his literary accumulations, to which generations of students have fallen heir. It is easy to imagine his delight in securing such treasures as Pine's wholly-engraved Horace beautifully bound by Larkins, Milman's choice 1849 edition of the same author, Paton's recent Chiswick edition of Homer (only seventy-five copies printed), the Virgil of 1507 quaintly and profusely illustrated, the black letter folio of "Thucydides' Historye," Englished by Nicolls in 1550, and the *complete* set in sixteen volumes of Pickering's diamond reprints of classics.

Besides the best editions of Latin authors, and numerous critical works, necessary to the scholar, he had picked up such rarities as Ogilby's 1684 translation of Virgil with the curious cuts by Drapenhier, Pine's, 1774, Virgil, the Venice, 1596, edition of Horace, the Basel, 1545, Priscian, Ovid as Englished by George Sandys in 1626, the Elzevir Aphthonius of 1642, Casaubon's Juvenal and Persius of 1695, the Amsterdam Caesar of 1737, and a charming Latin Bible of 1588 sound and clear notwithstanding the diligent use by its former owner, "Francois Dupan, prêtre."

An alumnus of Harvard (1882), Dr. Richardson naturally possessed many books and pamphlets relating to alma mater; and from the seats of learning in Europe where he had studied, or which he had visited, he brought away many volumes of descriptive or of historic interest. Of his Goethiana, twenty volumes were new to us; and his hundred or more volumes of Folklore, Ballads and Songs included Child's Popular ballads and two of the four folios of Scottish Airs published by G. Thomson in the year 1801.

The discriminative taste of a cultured book-lover enabled him to gather such works as Dent's charming edition of Landor, Clement's *Queen of the Adriatic*, and *City of Parthenope*, the *Bibliothèque de Carabas*, Wharton's *Colonial Days*, and *Through Colonial Doorways*, Dobson's *Songs* with Hugh Thomson's drawings, Holmes illustrated by Howard Pyle; yet it did not lead him to reject Cruikshank or the *Yellow Book*.

Dr. Richardson's bequest of over a thousand books was one of three noteworthy, recent gifts to the University Library, following Mrs. Mary A. Avery's valuable donation of 1896, and Mr. C. P. Huntington's gift of the Cowan collection of Californiana made in 1897.

The Librarian has submitted to the President a report on "the number, titles, and value of books lost or stolen from the Library during the last five years;" and "an estimate of the cost of placing all library books in closed cases, and an estimate of the increased cost of superintendence that this would involve." Some of the statistical statements of this report are as follows:

1.—NUMBER OF BOOKS LOST.

	Lost.	Returned.	Still Missing Oct. 5, 1898.
1893-94			78 vols.
1894-95	137 vols.	67 vols.	70 vols.
1895-96	37 vols.	18 vols.	19 vols.
1896-97	67 vols.	26 vols.	41 vols.
1897-98	137 vols.	3 vols.	134 vols.
Total net loss in the period, 1893-4 to 1897-8			342 vols.

2.—VALUATION OF BOOKS LOST.

	Retail Published Price.	Cost to Replace.
1893-94	\$113.39	\$ 95.05
1894-95	102.65	77.05
1895-96	25.31	18.98
1896-97	79.75	59.80
1897-98	213.05	163.55
Total net loss, five years		\$414.43

These losses are classified as follows:

Philosophy and Religion.....	11
Travel and History.....	16
Politics and Law.....	9
Social Science, Education, Economics.....	14
Mathematics.....	33
Physics, Mechanics, Engineering.....	28
Electricity, Electrical Engineering.....	20
Natural History and Biology.....	9
Medicine.....	7
Technology, Chemistry, Mining.....	28
Fine Arts.....	11
Greek Language and Literature.....	17
Latin Language and Literature.....	24
Modern Languages and Literatures.....	28
English Language and Literature.....	48
English Novels.....	37
Miscellaneous.....	2
Total volumes lost.....	342

3.—INCREASED EXPENSES IF FREE ACCESS TO BOOKS BE
DENIED STUDENTS.

a. Railings, delivery counter, and appurtenances.....(?)	\$250.00
b. Additional attendance—(Annual)	
Three attendants, @ 20 cents per hour, 5½ days per week, 37 weeks in the year.....	\$976.80
One attendant @ 20 cents per hour, 3 days per week, 12 weeks vacation.....	36.00

The Librarian has reported accessions during 1897-8 of 5204 volumes and 3295 pamphlets. Fourteen *sets* of periodicals, in 383 volumes, scientific and philosophical, were added. There are now over 76,000 volumes in the University's collection of books.

Mr. David Henshaw Ward has recently presented a fine set of Edmund Burke's Works, the Chief Fathers of New England, Enfield's History of Liverpool, and a number of historical periodicals.

A stream of smaller gifts steadily flows in our direction, and acknowledgments are due Ben F. Wright '98, Hon.

Horace Davis, Rev. Joseph Worcester, Marvin Curtis, C. W. Leach, W. C. Sawyer, Mrs. Anita Page Smith (of Valparaiso), San Francisco Chamber of Commerce, Miss Fannie S. Bonté, J. L. Scotchler, and H. M. Barstow, and others, for gifts since the last issue of the CHRONICLE.

OFFICIAL ACTION.

At a meeting of the Academic Council, held October 10, 1898, the Committee on Students' Affairs reported that it had carefully investigated the two disturbances, or "rushes," which have taken place on the University grounds this term, and submitted the following report:

1. Neither disturbance was in itself serious. No one was injured nor did a very large proportion of the students in the two lower classes participate. The seriousness of the matter lies in the flagrant violation of the rules of the Faculties.

2. In both cases members of the Freshman class were the aggressors, though in the first case much provocation was given by members of the Sophomore class.

3. It is the conviction of the Committee that there would have been no disturbance in either case, had it not been for the mischievous influence of members of the Junior class.

4. Those who are known to the Committee as having taken part in these "rushes" are, for the most part, young men of good habits, character, and scholarship, who were carried away by childish excitement at the moment, but who are not inclined to be unruly or disorderly members of the University.

5. It is the conviction of the Committee that there is a prevalent and increasing desire on the part of a great majority of the students to see an end put to all such disorders, and it is the aim of the Committee to strengthen and make effective this desire.

In view of these circumstances, and in the interest of good order the Committee makes the following recommendations:

1. That in the case of those who were concerned in either of these disturbances as participants or as promoters and who are known to the Committee, sentence be suspended.

2. That these persons be informed by the Committee that they are henceforth, and until further order be made, students of the University

on probation, and that, should further disturbances occur, it will be necessary, in the interest of good order, to inflict upon them the punishments which they have deserved for their violations of University law.

Should you approve these recommendations, the Committee will at once proceed accordingly.

The report was adopted without dissent.

At a meeting of the Academic Council, held October 10, 1898, it was announced by the chairman of the Editorial Committee that the Committee had decided to issue the Register for 1898-99 on March 1, and had determined that February 1 should be the last day for receiving copy therefor. It was further announced that two proofs would be sent by the Committee to the departments furnishing copy for the Register.

CURRENT NOTES.

A course of six lectures before the University Extension Club of San José was begun by Professor Bernard Moses on October 19. The general subject of the course is "Spain and Her Colonies." The several lectures are named as follows:

1. General Characteristics of Spain.
2. Outline of Spain's Colonial Organization.
3. Ecclesiastical Affairs of the Spanish Colonies.
4. Spanish and English Colonial Policies.
5. The War for Spanish-American Emancipation.
6. The Constitutional Growth of Spanish-American States.

At the University Club, San Francisco, on the evening of October 15, James Edward Keeler, the recently appointed Director of the Lick Observatory, was given a reception and banquet by members of the Faculties of the University at Berkeley, about sixty being present. The speaking was confined to an address of welcome by the President of the

University; a speech by Professor Soulé on presenting Director Keeler, on behalf of those present, an illuminated souvenir of the occasion; and the responses by Director Keeler.

Mr. Hermann Schussler, Chief Engineer of the Spring Valley Water Company, Honorary Professor of Water Supply Engineering, began on October 28 his first course of lectures at the University, his subject being "Practical Problems in Irrigation and Water Supply."

The Catalogue of Officers and Students enrolled in the various colleges at Berkeley this year, up to October 8, has been published and shows an enrollment of 1565 students, over 150 more than at a corresponding time last year. The graduate department has an enrollment of 149, of whom 67 are graduates of other colleges or universities. Thirty-eight institutions outside of California are represented.

